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THE ECONOMIC REVIEW

VOLUME XVI

THE
ECONOMIC REVIEW

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REV. H. RASHDALL
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THE SOCIAL AND POLITICAL OUTLOOK.

THIS is to be a political article: an article on the political outlook as it affects social reform. Its conclusions may, very likely, not commend themselves to all members of the Christian Social Union. That Union is not, in any sense, political. Its members are acknowledged to be entirely free in the sphere of practical politics. It is in the conscious exercise of this freedom that the article is written.

There are the higher and there are the lower politics. There are, for instance, the politics of a party leader, who is compelled by the needs of his party to defer to a second place the dealing with some question that in his own secret heart he knows to have more worth in it than the question that he often first deals with. The practical danger of a division in the *bloc* of his party compels him. On this ground it is more than possible that, after the coming election, the Education Question will take precedence of the Housing of the Poor. If our present educational policy were continued unaltered for a few years, who amongst reasonable men would say that the very manhood of the nation would suffer? It is quite certain that that manhood is sure to suffer for want of proper housing: yet it is unlikely to be taken first. Here we have the lower politics of a party leader.

Again, there are the politics of the party organizer. On either side he is bent on "getting his man in." With this end in view, he carefully sifts his speakers, sorts his promises, represses his enthusiasts. Not what good policy demands or high ideals claim, but whatever will secure the fanatics and yet not offend the "mugwumps"—"that is the question" for him.

The higher politics are other than these. They are not necessarily unpractical. They do not demand impossibilities.

It is little use legislating ahead of public opinion—that they allow. But at least, to use a vulgar phrase, they do try “to wag and not be wagged.” They do desire to compel attention to urgent needs. They are not content to forget ideals for the mere sake of maintaining the *bloc*. They are ready to prefer measures to men, when the choice is forced upon them. Justice is more to them than party interests. Except as a weapon to achieve higher purposes, party is nothing to them. Compromise may be a practical necessity, but it is not the first and last aim of their diplomacy.

It is hoped that the words that follow may not seem to any to be written in the interests of the lower politics. To waste a session over an attempt at Welsh Disestablishment, whether ideally desirable or not, while the question of the unemployed or the question of housing or of land is allowed to wait, appears, to the present writer, simply a betrayal of political duty. No one, except a well-housed, or fairly paid, Welsh minister or farmer could—one would imagine—think otherwise. Yet the other day a Welsh M.P., probably under pressure, proposed to compel the Liberal leaders to take this step of postponing the more vital in the interests of the lower politics: *i.e.* the safety of his own seat or the special views of his own constituents. If, on the other hand, the idea were his own, one would be justified in saying that his sympathies with the poor must be dead.

It is because such things are being advocated as primary that the political outlook becomes of such surpassing interest and importance for social reformers; and the question: “Whom am I to vote for in the present election?” needs urgent consideration.

This question depends, does it not, upon an earlier question still: What do you want? Do you want to see effective laws by which new cottages can be built, and old cottages either improved or destroyed? The dearth of cottage accommodation in country villages is one cause of their depopulation. The state of many cottages, now let and occupied, is a scandal. Sanitation is bad; the water is bad; the bedrooms are too few;

their distance from work is far too great. Here is the nidus of phthisis and of cancer. The need cries aloud.

In towns the question is no less urgent. Small fortunes are being made out of slums. Slum-life is degrading and promotes disease. As new sites are thrown open to building, the jerry-builder prepares fresh slums. Open spaces are not compulsory: even gardens are, more often than not, forgotten. Do you intend to vote upon these pressing needs? A second question: Does the Unemployed question appear very urgent to you? Are you satisfied with the Act of last session? Here every winter are hundreds of men unoccupied. It would not be beyond the wit of man to separate the unemployed from the unemployable. For the latter, the men who cannot or will not work, smaller and poorer countries are effectively providing in various ways. When this has once been done, do you believe that large numbers of men, willing to work but unable to find work, can long go on starving? Do we try to organize our industries in any way? Do you believe that a problem so wide and complex can be left, without further trouble, to the higgling of a market that fails to feed them? This question is closely bound up with the land question and with the question of taxation. If you are to lessen the pressure on city life, you must be able to get back upon the land. It is no use saying that it cannot be done: it has been done. It has been done by Lord Carrington in Lincolnshire. Why is it not more done? Because landowners are unwilling, and the present laws fail to establish small holdings. They are too complicated and too costly. Do you believe that our land-laws and customs as to registration, entail, and exchange, need modification?

And land raises the question of taxation. That enormous unearned increment, earned by the community, is still pouring into private hands. Is the community that creates it to go on paying as rent interest on the very capital value its own labour is making?

And if any one answers that the unemployed are largely created, not by want of work—for there is work everywhere—but by want of training, then, are we very seriously organizing

our technical and agricultural education? Why not? No money? Perhaps no money for education, but plenty of money for waste in the public service. Could efficiency do nothing for us in the matter of money? Mr. Morley rightly refuses to consider that the policy of efficiency covers all the ground: but it covers a large piece of ground notwithstanding. Social and educational reform requires money: and money is to be had, not merely by revised taxation, but by revised methods of spending. A very successful Tory organizer, who has won six elections in succession, told the writer the other day that he had urged the "party organizers" to secure an investigation into all our spending departments, and into the organization of our Civil Service. This investigation, he urged, should be made, not by Civil servants (for once), but by a few first-rate business men. The idea was not favoured. Yet he had no doubt, and we need have no doubt, that several millions per annum might thus be saved—far more than we imagine. Whatever was thus saved could be used on social and educational progress. When a vacancy recently happened at the head of the Admiralty, a good business man, without regard to mere political claims, was picked for Cabinet rank. Why not continue the operation in subordinate posts?

But no Unemployed committees, and no promoters of efficiency and good finance in the public service, will do very much for long to find work or find money, if we cannot stem the flood of waste that springs from the drinking habits of the nation. And to do this we must carry our drink legislation some effective steps further. We must fix a reasonable limit of years for claims to compensation; we must raise licence fees, and we must do something to check the abuses of the tied-house system. Even justice to the publican demands that the compensation charges should not be fully paid by him. There are places where this is being attempted; other places, where the tied-house power enables a brewer to recover by raising the price of his beer to his tenant. The tenant has no option but to pay.

Let us once more set out these pressing questions: the unemployed, housing, land, taxation, an efficient public service,

control of the liquor traffic, effective secondary education. Will any social reformer deny that each and all are urgent questions calling for a sincere treatment? I have obviously left out all "dreaming of visions." The social reformer's visions are not less being dreamed, because the immediate and urgent call is made to treat "the duties that lie near." Visions inspire; but they are not ever immediate practical politics in England. To force a "vision" at once upon a people who, as yet, have not also dreamed it, is to work a revolution: and the growth of England has never been revolutionary at short notice. We got rid of our Czardom, if we ever had it, long years ago: and, depend upon it, we never realized the meaning of the process. Our movement is not less sure for being a bit slow. We are not a quick-witted people. But it is certain that nothing is ever well done in social reform unless the doers of it have the spirit of vision within them. What is only done to "dish the Whigs" is always poor stuff; what is done, just to prevent something worse, is usually, like a spring sowing in the Canadian north-west, put in too late to ripen. The early autumn frosts half kill it. Let us bear this in mind as we go on.

If we are agreed that social reform is not a defensive, but an offensive, movement, we cannot deny that these questions need dealing with on broad and deliberate lines. We have the right, then, to take them as tests of party to help us decide the imminent question: What are you going to do at the present election?

And, in the case of a party which has been in power for many years, we have the obvious right to test the future by the past. What have you done, we ought to say, towards solving these problems and cognate problems? Above all, what has been the spirit of your work?

And, first, the question of the unemployed. There is a skeleton Act: there are really no funds. Whilst voluntary contributions are forthcoming, a little may be done—that is all. Of course a skeleton Act may be clothed with flesh and blood by further legislation. But is it possible to forget how nearly even the skeleton was buried? The Bishops of Southwark and of Birmingham did something to forbid the burial; it was just

prevented. Does any one expect that a party that nearly buried that skeleton Act, and whose members all over the country were passing, as guardians, resolutions of confidence in the ordinary poor law, are burning to make the Act effective at the Cabinet councils during this or next autumn? Is there any reasonable sign of it? Let us look next at the Housing question.

In his speech at Birmingham, on October 11, 1894, Mr. Chamberlain said—

“We want to clear away those nests of disease and crime which exist in all our large cities, where people are herded together under conditions which make comfort and health, and even proper living, entirely impossible.”

Lord Salisbury, on December 18, 1900, spoke of “the sufferings which many of the working classes have to undergo in the most moderate, I might say, the most pitiable accommodation.”

These are both quite truthful statements, far from overstated. How have the promises been fulfilled? In 1899, the Small Houses Act was passed. It enabled local authorities to advance money to the workman for the acquisition of houses. It gave thirty years as the limit of repayment. It gave no compulsory powers; it did not confer any power to tax ground values. Mr. Chamberlain, on that occasion, at all events, not “thinking imperially,” called it “our own little way.” The use of it may be measured by the fact that about three hundred houses have been bought in London, the rest of England and Wales, in the last five years. Could such an Act have been the first contribution to the housing question, if *e.g.* the Labour leaders had been taken into council by these amateur reformers?

In 1900 the Government passed a Housing Act. By it local authorities are allowed to buy land outside their area, and County Councils are allowed to build cottages. The power to buy land likely to become very valuable was defeated; the amendment to take off the 10 per cent. for compulsory purchase was defeated; the amendment to lengthen the time for repayment of loans was defeated; the amendment to add an acre of land to new-built village cottages was defeated. Does this look like a keen interest in the housing question?

In 1903, a further Act was introduced by Mr. Long. It extended to eighty years the time for repayment of purchase loans. The Local Government Board had power given to act over the heads of local authorities. If property has to be demolished, local authorities can make the owner pay, and can now evict. These are improvements; but do they manifest any resolve to go (as Mr. Asquith said) "to the real crux of the problem"—wide and easily exercised compulsory powers and new sources of rating out of ground values? And does it seem probable that the party whose last effort was made in 1903 will find "the crux of the problem" and solve it in 1906?

Let us apply a similar test to land legislation. Mr. Chamberlain, speaking in July, 1895, at Rugby, said—

"We want to see that the tenant-farmer has every possible security that can be given him for valuable improvements which he makes with his own money:" and "we want to give to the farmers the facilities which are possessed by the tenant-farmers in Ireland, of becoming the owners as well as the tenants of their lands."

Nothing was done that at all approached fulfilment of these promises till 1900. In that year an Agricultural Holdings Act was brought in. It is enough to say that the Central Chamber of Agriculture condemned it as insufficient. Even Sir Carne Rasch complained that there was no compensation in it for *continuous good farming*, and two other Conservative members declared it to be *incomprehensible*.

Several valuable amendments, moved by Liberal members in the interest of tenants, were defeated, while the House of Lords carried, and the Government finally accepted, at least two detrimental to those interests. In speaking against Mr. Lambert's Land Tenure Bill, Mr. Hanbury notified that the Government Act "was meant to represent the final view of the Unionist party as to the rights of tenants and landlords." Can any one with strong sympathy for the present position of most tenants be expected to support that party under these circumstances?

But claims might have been founded on the efforts of a Government to promote small holdings. Have there been such efforts? Judged by results, have they been successful? Since

1894, under the Parish Councils Act, over twenty thousand tenants have acquired allotments. This Act was passed by a Liberal Government. Before this Act, two allotment Acts were passed by previous Tory Governments, which gave land in the same number of years to somewhat less than six thousand people. Since 1894, nothing whatever has been done. There was, indeed, something proposed by Mr. Chamberlain, but never yet effected, viz. "a fair rent fixed by a judicial tribunal—with the right of free sale of the goodwill of the undertaking, just the same as by any other trader." But this far-reaching proposal was made by the Chamberlain of 1885. It does not appear very probable that effective changes in land tenure can be looked for from the leaders of the Unionist party.

The history, during this Parliament, of the attempts to secure the taxation of land values is instructive. A Local Taxation Commission was appointed in 1896 and reported in 1901. It reported under three heads: local subventions, the rating of agricultural land, the rating of site values. It is the last that concerns us. The majority reported against such rating. But a minority, including Lord Balfour of Burleigh (allowed even by Protectionists to be an Unionist, and at that time a Cabinet Minister), reported generally in its favour.

The next year an Urban Site Rating Bill was introduced into the House. It was rejected by a large majority. In March, 1904, a not dissimilar Bill was carried by nearly as large a majority. In April, 1905, a practically identical Bill was moved, again by Mr. Trevelyan, supported by Mr. Asquith, and carried by a still larger majority. *Not a single Minister voted for the Bill.* Am I then asked to believe that the rating of site values is more likely to come from the Unionist successors of the present Unionist Government?

This brings us to the question of efficiency in finance and in the public services. Does not the very mention of it create a smile? Consider the position. For some years before the war the revenue had risen, as Mr. Gladstone once phrased it, "by leaps and bounds:" yet expenditure kept pace with revenue. Even now, with the war over, two-thirds of the war taxation remains.

By the war itself, the cost of which was presumptuously calculated at ten millions, 125 millions have been added to the national debt. Since the war no effort to pay off debt has been made. Forty-eight millions a year is the measure of the rise of annual expenditure. Now, if this were accompanied by proofs of strict and careful administration, or of very successful and efficient administration, the nation might feel that it was getting good value for its money. Is this so? Are we not, I will not say the laughing-stock of Europe, but (what is worse) our own laughing-stock, in matters of expenditure? We have, we are told, no army; and we certainly threw away money like water during the war. We kept no check, as public evidence shows, on expenditure at the close of the war. Nobody knows, least of all its officers, what is going to be done with the army, for all our outlay. No sooner was a good organizing admiral put at Whitehall than the navy estimates fell: and yet we have reason to think that we have a more efficient distribution of naval force. Added to this, the Sinking Fund, one of our guarantees of future prosperity, has been reduced.

Does, then, any impartial person believe that we can add largely, as things are, to our taxation? Yet does any one believe that the late Government has shown itself capable of giving money's worth for money, or is likely to be compelled by the party it leads to economies that might do good rather than harm, and give us the wherewithal for the cost of social and educational reform. After all, the financial record of a Government is not unlike, in many points, the financial record of a business concern. Do you feel disposed, one asks, to take any shares on this record, with the sure hope of a dividend to be devoted to such reforms as have been named? Can the answer be anything but No?

The liquor question does not seem to call for many words. When at any bye-election do we find the Tory candidate in favour of further liquor legislation? "The most urgent social reform," said Mr. Chamberlain in 1894, "is a reform in connexion with the promotion of Temperance." What has been done? A vested interest in a licence, unknown to the law, in fact

disavowed by the law, has been created. The local magistrates have been largely disabled. A time limit for compensation the Government, under open threats from the Trade, successfully resisted. The fund created will suspend fewer licences than were likely to be suspended by the quickened good sense of the magistrates. It may be conceded that a compensation fund, raised as an extra insurance by the Trade from the Trade, and operative through a limited number of years, is a reasonable part of a general policy. But as the end-all and be-all of Temperance reform it is entirely inadequate. To call it a "beneficent change," to speak of it (as Mr. Balfour did in the House of Commons) as a policy that followed "the dictates of eternal justice," would be ludicrous, if we could afford to laugh at the lunacy, crime, disorder, degradation, at the loss of national capital, of national physique, of everything that really tends (*pace* the Premier) to the "higher morality,"—all of which is still left us to fight. The liquor traffic is still, in nearly every sense, uncontrolled. Which of the two contending political parties is likely to try to control it any further?

A few words may be given to the question of secondary education. The crucial difficulty in secondary education at this moment is want of money. We are learning to inspect: we are learning to co-ordinate. But we cannot pay men properly: we cannot pension men properly. In consequence of this, fewer men of the right type are becoming secondary teachers: and without the right men no buildings, no outfit, no inspection, can avail. How are we to get money? The rates are already very high: resistance to education, in consequence of growing rates, is very strong. There is really only one way out. The Imperial grants must be increased. But to do this means a big addition to the annual budget; and this will mean that we must economize elsewhere, and must reorganize our taxation. Again the question arises: Is there any sign of economy, or of efficient financial reform, in the work of the late Government and its large majority?

I have thus dealt briefly with the more practical questions that lie in front of us. I have omitted many secondary

questions. There is—to take one—the question of redistribution and of “one man one vote,” or even of universal suffrage. I feel little doubt that no side in English politics can gain or lose anything very valuable by further parliamentary reform. It does not seem very much worth while wasting time upon any of these secondary points save one: and that is the question of the veto of the House of Lords. But even this may be left to ripen.

Is there, however, good reason for thinking that the Liberal party, if confirmed in office by the country, will deal with the chief questions that have been named? At all events, its past record is in its favour. It has been, since it was differentiated from the Whig party, in favour of social reform. Its more active members have made themselves responsible for some far-reaching proposals, during the time of Opposition. As the labour vote has increased in power, the party has been educated to something more promising than individualism. It has put on record views on all these points which will demand fulfilment in the day of its power. Its very rivalry with other parties, even if we have no confidence in one or two of its leaders, will drive its main body to fulfil them for very life's sake. It cannot desire (I am putting the point at its lowest) to alienate labour. The only chance of the final defeat of the protectionist agitation lies in dealing effectively with the unemployed problem: no solution is possible that leaves the other problems unattacked. The protectionist argument really finds any strength that it possesses in the existence of the unemployed. If no true remedy is sought and applied, a quack remedy may be tried. Personally, I am much more sanguine than these unenthusiastic words imply; but let us leave all enthusiasm out.

Some members of the labour party refuse obedience to either traditional party. They surely thereby weaken their power. Wherever they are strong enough in a constituency and united enough to defy every one else, the policy of isolation may be effective, even if unwise. Where they are not so strong, they may yet secure large consideration by not isolating themselves. They might possibly, by such a policy of isolation, secure a few

more labour members and yet lessen the majority for social reform by triangular fights.

There are, of course, a great many Conservatives who desire social reform. The misfortune is that they do not control their party. They are either not numerous enough or not aggressive enough to do so. There are equally members of the Liberal party who are unsympathetic with labour, and others who talk on platforms but still take high rents from half-sanitary property. The good fortune is that they too do not control their party. The general kind of party policy will overwhelm them. For a Churchman, it must be admitted that causes may be found that may make him reluctant to vote for a Liberal Government. The want of Christian charity in some of the public speeches made on their behalf is enough to freeze up all inclination to support them. Strong Churchmen especially have been singled out for virulent and offensive attack. But, after all, let us remember that much, if not all, of this must be highly unpleasant to the leaders. The angry puritan sows the wind; and in adjusting a very difficult compromise the leaders have every chance of reaping the whirlwind. No great party, no ordinarily prudent party, can be likely to desire to leave in the rear an embittered body of opponents, who might with tact have the chance of "almost being persuaded" to be friends. Whatever the final solution of the education question is to be, no solution that is permanently unjust to a large body of thinking and voting Englishmen can possibly be final; none, in my humble opinion, can even be made operative.

But what about the Liberationist? Well, the question of disestablishment has two sides even for the Churchman. If we cannot secure a wide and fairer autonomy, it may not repel so many as it now does. But this much is certain, no measure of disestablishment can ever be carried that has not been the chief issue of an election. In such a matter a second chamber would be justified in refusing to entertain it; and, whether justified or not, our present second chamber would doubtless refuse.

In the first of these cases a Conservative Government could not leave the present position quite undealt with. Possibly

Colonel Kenyon-Slaney might propose and carry something even less acceptable and more one-sided than the plan of his opponents.

Granting, then, that there are a few unadulterated Whigs in the Liberal party, that much uncharitable bitterness is promoted by some Liberal speeches, that some Liberals announce their intention to be both intolerant and unjust, it remains that these things do not outweigh the certainty that we shall obtain by a Liberal victory some further advance in the solution of those social questions whose horrors (I know no other word) weigh on the hearts of all who care for social reforms. We can, after all, take care of ourselves: the social wreckage, and those drifting towards wreck, cannot. The balance of claim is in favour of the Liberals; the certainty of nemesis is theirs too, if they neglect their social opportunities.

Shall I be told that I am blindly refusing to consider the new policy, on which the whole battle is to turn? That, if that policy be adopted, want of money and unemployment will both vanish? I answer, which policy, the policy of retaliation or the policy of frank protection? Surely the battle that is being fought is a double battle: and the policy of the Tory party can only be decided by the colour of the Tory returns. It is not really a question of policy, but of leadership: and Mr. Balfour and Mr. Chamberlain, both protesting political friendship, are really men shaking hands before a fight. It is, however, hard to see what the social reformer has to do *dans cette galère*. If retaliation means what it says, it is a measure to produce more of what the others say we already have too much of. If protection wins, have we any reason to suppose that its results will be better in England than in America? Are there no unemployed there? no slums? no trusts? no financial waste? no congress log-rolling? no need of a juster taxation? Is labour more friendly to capital or capital to labour? Are there fewer millionaires or are the millionaires more beloved? Is land not going out of cultivation in the Eastern States? Is rent not high in cities? Is the community master of its railway magnates, or is it the other way about? Without entering on an economic discussion, do not such questions as these give pause? Has the

protectionist enthusiast ever had a conversation with a German socialist workman or with an American free-trade farmer? The truth is that only the best organized would for awhile get a picking, as long as the "forced sales" lasted; the weaker, the unorganized, would find prices rise without any more chance of raising wages. Houses would be dearer to build—every practical builder says so—and that will not help housing. A rise in bread—and it would be bound to come—would raise rent, and landlords would fight harder than ever for land monopoly. No land reform would be possible. There would be, no doubt, a considerable displacement and unsettlement in labour; foreign trade supply would be just exchanged for a certain amount (for awhile) of home trade supply; but displacement of labour does not mean increase of labour, nor displacement of trade increase of trade. No; as a diversion Mr. Chamberlain's movement has been interesting but unsuccessful. It has, of course, long been known to be a dream of some manufacturers and many political organizers. But, as containing the germs of social reforms, the Country is going to condemn it; and, this time at all events, the Country will be right.

If, however, Churchmen who are social reformers vote at the present election for the Liberal party, it will not be because they have other axes to grind. They will not be enthusiastic friends of labour, because they are anxious for labour to help them destroy what they are pleased to call the supremacy of the Church. On the contrary, it will be because they are willing to postpone some not unnatural fears to the crying social needs of the people. Their motives therefore can hardly be suspected if they make an appeal to the Liberal leaders. The form of the appeal would be as follows: Be absolutely just; on questions of conscientious difference of opinion call all into council. The true essence of statesmanship is in conciliation. The mass of men, except in the passion of revolution, are reasonable. There are forms of Puritanism that have in the past proved very active allies, but very bad masters. If your tenure of office is to secure permanent social effects, it will be by remembering that to see both sides of very difficult questions is the first step to solving them.

T. C. FRY.

THE SOUTH WALES COAL TRADE.

THE South Wales coalfield is the richest in the British Isles. With an area of about a thousand square miles, an extreme length east to west of fifty miles, and a breadth north and south of nearly twenty miles, it runs from Pontypool, in Monmouthshire, to beyond the boundary between Glamorgan and Caermarthenshire. The coal-measures of South Wales are also the thickest in Great Britain, and reach a maximum depth of nearly five thousand feet. Roughly, the coalfield graduates in a remarkable manner into three distinct classes of coal, improving in quality from east to west. In the eastern and western valleys of Monmouthshire the coal is mostly bituminous, and is used chiefly for household and manufacturing purposes. In Mid-Glamorgan, in the Merthyr, Aberdare, and Rhondda valleys semi-bituminous coal occurs—the famous Welsh “steam” coal, used generally for fast rail, marine, and naval services. Around Neath westwards there is a distinct transformation in the quality of this coal into anthracite, and in the extreme Western district anthracite is the only coal found. The seams which yield the best Welsh steam in Mid-Glamorgan are traceable as the same seams yielding anthracite farther west. This is a striking indication of the evolutionary process of coal-formation.

The recent Royal Commission on our coal supplies, taking four thousand feet as the limit of workable depth, estimated the total available yield of each class of coal in the South Wales coalfield as follows :¹—

Class of coal.						Amount.
First-class steam	..	..	..	..	..	3,936,657,410
Second-class steam	..	..	..	..	..	5,393,724,590
Bituminous	..	..	..	..	..	8,618,688,965
Steam (western district)		..	..	..	..	4,076,424,971
Anthracite..	..	..	..	..	..	6,310,292,214
Total						28,335,788,150

¹ *The South Wales Coal Annual*, 1905.

All the coal in the above item of first-class steam, the Commission considers, fulfils the Admiralty requirements for His Majesty's navy.

The output of coal in South Wales has been one of almost unbroken progression for the last thirty years. The average annual increase over that period is 2 million tons. In 1904 all previous records were surpassed with an output of 43,730,415 tons, or 18·8 per cent. of the entire output for the United Kingdom. Of this total large quantities were consumed by the iron and steel and tin works of the district, and quantities more were supplied to our national railways, our navy in home waters, and our shipping industry. But the chief market for Welsh coal is the export trade. More than 4 million tons are shipped coastwise, and over 20 million tons exported abroad annually from the Welsh ports. In 1904 Cardiff accounted for 15 millions, Newport for 3 millions, and Swansea for nearly 2 millions of coal exports.

The prosperity of the extensive iron and steel and tinplate industries of South Wales is closely bound up with that of the coal trade. Their rapid extension has been concurrent with the rapid development of the coalfield. Many outgoing colliers find convenient return ballast in cargoes of raw material for these important industries, and the steady increase in these importations is an indication of the economic tendency for staple manufactures to settle where coal is easily accessible. Several Welsh ports have prospered greatly as a result of this economic phenomenon. Swansea, with its fine large docks, has bright prospects for a growing and varied trade; Newport is spending two millions of money in improving her shipping facilities; and Cardiff is contemplating ambitious schemes for the expansion of her already enormous export trade, and for the capture of more of the import trade of the country. New railways are in project to connect the virgin areas of the coalfield with the seaboard. In fact, South Wales is alive with industrial projects on a gigantic scale: with schemes of combination, amalgamation, and expansion, which promise well for her future share in the activities of national industry.

In 1801 the population of Cardiff numbered 1870 souls; in 1901 it was 164,420—that is, almost double the entire population of the South Wales coalfield a century ago. To-day over a million people inhabit this same coal area. Of these about 160,000, men and boys, are employed in and about the coal-mines. The collieries are, more or less, scattered on the outskirts, but very numerous in Mid-Glamorgan, the heart of the coalfield. In this congested centre of population many of the valleys are very precipitous and narrow. Each has its string of mining villages, of straggling streets clinging with tenacious hold to their steep foundations. Where the valley opens out, in slopes of varying steepness, streets occur in clusters, forming compact villages of miners' cottages, shops, chapels, schools, and beer-houses. Coal is the one bright jewel in this dull setting.

The average Welsh miner is an intelligent, industrious, and efficient all-round workman. In most British coalfields coal-mining is specialized: that is, one set of miners hews the coal; another set fills the trams or hutches and conveys the coal direct to the pit-bottom, or to the main roadways, from which it is transported by mechanical haulage to the shaft; and another lot sets the timber-props to support the roof. Each miner has a special task for which he alone is held responsible. But in South Wales the division of labour is less extended. The coal-hewer there performs three of these duties himself. He sets his own props, hews his own coal, and fills his own trams. These are taken away from the coal face when full, and replaced with empties, by another class of miners called drawers or hauliers, usually by aid of horse-power. This difference in the method of working is largely the outcome of custom, which is again the result of differences in the general conditions of the coal-measures. For instance, timbering is a much heavier item of cost in South Wales than elsewhere. There, the very brittle nature of the roof in most of the coal-seams requires much more timber to support it for safety, and the close attention of many more men than in England and Scotland, where the roof is usually sound and little timbering is necessary. Hence, his labour being less restricted in its scope, the Welsh collier can

adapt his skill to any emergency work to be done in the mine more easily than can the English or Scotch miner. The hours of work of miners in South Wales are nine per day, or an average of fifty-four per week.

Everywhere the coal-hewer is the aristocrat of the mine, and his opinions and counsels determine the general conduct and policy of the federation of mine-workers. This predominance is due to the fact that the colliers are the most energetic and skilled of the workmen, and comprise over 60 per cent. of the entire number employed in and about the mines. From their ranks is drawn almost every mining official and every labour representative on public local bodies. Politically, the Welsh miners are strongly in favour of Labour representation in Parliament, but with a reserved partiality towards Radicalism, where the labour vote is not overwhelming. The South Wales Miners' Federation, since 1902, has voted an annual parliamentary levy of 1s. per member for direct Labour representation. This fund already supports two M.P.'s, and is capable of maintaining another eight. At present there are five miners' candidates nominated, and a few more are likely to be brought out in time for the General Election. One or two of them have safe seats, and most of them fair chances of success. On local public bodies Labour representation was greatly strengthened at the last November elections. The borough of Merthyr, which received its charter last year, out of a total council of twenty-four returned twelve Labour members. One of these, a miners' agent, was elected as the first mayor of the new borough. Moreover, the miners of South Wales as a body voluntarily granted a substantial sum to help to meet the expenses of this mayor during his year of office. Such is the trend of events in the Labour movement in Wales. Where the miners lead, the other workmen follow.

Industrially, capital and labour are to-day thoroughly organized in the coal trade of South Wales. The present conditions of wage regulations therein are the result of six decades of negotiations between masters and men. For many years the relations were often strained, and negotiations generally of an

intermittent character. Strikes and lock-outs were local, sporadic, and frequent. Such as they were, negotiations were at first carried out between some of the largest coalowners and their own workmen, and the terms they agreed upon were adhered to more or less by the other employers and their employees.

In spite of their disorganized condition and general subservience to the terms dictated by the masters, the miners sometimes secured better wages than the state of trade warranted, because the coalowners and the ironmasters worked at cross purposes. In those days colliery proprietors produced chiefly for shipment, while ironmasters obtained coal for their furnaces from their own mines. When the iron trade was depressed, the latter sent the coal on their hands to the general coal market. This action was resented by the colliery proprietors as illegitimate competition. Eventually circumstances forced the two interests to recognize the advantages of combination. The relations between capital and labour have also grown more amicable and more representative of an ever-increasing number of employers and employed. They are now well matched in tolerance of each other's claims and obligations.

In 1864 was formed the first Association of Coalowners, controlling less than 20 per cent. of the total output for the coalfield of 10,970,000 tons. This led to a wider association of coalowners and ironmasters in 1873, controlling 75 per cent. of a total output of 16,180,728 tons of coal. This association was reconstructed in 1880 and 1890, and has continuously strengthened its position and influence, until it now has an output of 34,000,000 tons, or 80 per cent. of the entire output for the whole of South Wales and Monmouthshire. The non-associated collieries adopt the wage regulations, and abide by the wage decisions of the joint board of associated masters and federated workmen.

The story of the organization of the Welsh miners is one of the most striking chapters in the history of trade unionism. The combined obstacles to sustained united action, such as fear of the employers, the pernicious truck system, and their general ignorance and mistrust of each other, together with the

trade union disabilities prevalent up to 1871, kept the miners of Wales woefully disorganized. Right up to 1898 they had the semblance without the substance of union. They were organized into independent sections over different districts of the coalfield. Each section was led by its own leader, and bitter discord and petty recriminations kept the leaders apart; and the men alternated in their adherence now to this, now to that, leader. During the great coal strike of 1898, which lasted from April 9 till the end of August, these leaders agreed to waive their differences, and formed the South Wales Miners' Federation, affiliated to the Miners' Federation of Great Britain. Since that time the organization has made excellent progress, and the Welsh Miners are efficiently organized under trusted and capable leaders.

In December, 1904, the numerical and financial strength of the Miners' Union in South Wales was 117,077 members and £218,570 funds. From this total £11,684 went in strike pay to members; £5416 in contributions to other trade unions; and £3840 to members seeking employment. (There is no out-of-work fund.) £57,000 was in reserve over the Stop-day action. This sum has since been paid as damages in the case.

From 1875 till 1902 wages were governed in South Wales by the sliding-scale system. Subsequently the example of the rest of the British coalfields was followed, the scale was given up, and the conciliation method of wage regulation was adopted. It was adopted by the employers with reluctance, and avowedly as an experiment: by the men with the determination to have nothing more to do with the old scale arrangement, and to establish the new method permanently. But this general and probably final abandonment in the British coal trade of one of the most useful systems of wage regulations ever devised is in reality an abandonment of form, not an abolition of principle. For the principle of the sliding scale, the principle that wages must follow prices, is a fundamental condition in competitive trade, and will continue to be a prime factor in the determination of wages so long as private enterprise predominates in the coal industry.

Hence a brief explanation of the mechanism of the sliding scale, especially as it is still the unseen machinery which works the actual variations in coal prices and wages, is necessary to a proper grasp of wage regulations in coal-mining. Under the sliding-scale *régime* the average selling price of coal was ascertained periodically (bi-monthly or quarterly) by outside auditors. The period was fixed and the auditors appointed by joint agreement of masters and men. These accountants fixed the price at the average of the fluctuations in the market prices during the period taken, and wages rose or fell in a recognized proportion to the rise and fall of prices. There have been several revisions of the basis of the scale. But since 1879 the average selling price of coal for that year has been taken for the fixed standard of measurement.

To simplify the explanation of its working, I will take the scale from 1892 till its expiration in 1902. Over the whole of this period the average selling price for all coal f.o.b.¹ at the Welsh ports in 1879—viz. 7s. 11½d. to 8s. per ton—was taken as the basis. This meant that wages should not be affected should coal be sold at or below the mean of these two prices per ton f.o.b. For every sovereign he earned when coal sold at this price the miner received just a sovereign in wages, no more and no less. That is, his wages were reduced to the bare standard cutting price of the coal hewn, and the supplementary earnings made by timbering, etc., known as “dead work.” With each 1s. rise per ton beyond the base price of 7s. 11½d. to 8s., the miner received an advance on his wages of 8½ per cent. in the £. Thus for each 1s. rise per ton in the price the workman secured a bonus of 1s. 9d. on his £ earning. Hence, the higher prices rose, the greater the increase in the wages. The system worked automatically, and conformed with great regularity to the laws of supply and demand. Sometimes a substantial change up or down would occur in coal prices during the two or three months between each audit of the average price for such period. Thus, if average prices rose above the average of the previous audit, the miners would be foregoing, for the whole of that period, a

¹ f.o.b. = free on board.

shortage of percentage on their standard earnings, equal to the percentage in the difference in the two periodic averages. For instance, in the audit of prices from December 1, 1899, to January 31, 1900, the percentage was 30, i.e. 6s. in the pound. The miners did not receive this 30 per cent. on their earnings during December and January, because it was not fixed until the end of January. After ascertaining the total fluctuations in prices during the said two months, the auditors then fixed 30 per cent. as the equivalent of the average price over that period. The miners then received 30 per cent. on their standard wages during the ensuing two months, irrespective of any rise or fall in prices over the same two months. This meant that a benefit of a rise in wages due on a rise in prices was deferred for two months. On the other hand, when the bi-monthly audit recorded a fall of prices, the corresponding fall in wages was also deferred in the same way for the same length of time. So the rule of give and take balanced matters ultimately.

The chief work on the joint board of masters and men under the sliding-scale *régime* was to adjust wages in accordance with the findings of the outside auditors, to discuss the general relations of capital and labour in the coal trade, and to decide any mining disputes brought before them. Thus it will be observed that fluctuation of prices was the sole factor in the determination of wages. The employers were insistent on this point, while the men persisted in their efforts to introduce other factors, which shall be fully discussed later, for consideration in the wages question.

It will be seen that the sliding scale was based on the principle of a minimum wage. But the miners had for years been seriously discontented with the arrangement, on the grounds that the minimum was ineffective, because outrageously low. I have often heard the miners utter the pith of the general condemnation of the scale in these emphatic words: "The d—— thing has no bottom." And they were right. The scale had no bottom; in other words, it had no minimum, in the true acceptance of the term. The point to observe is that the basis of 1879

was extremely low, and that when prices approached this low basis the miners were driven below the poverty line. They contended that low wages were far more frequent than high wages. It was the obvious unfairness of the 1879 standard which secured their leaders the united adherence of the mine-workers during the strike of 1898, in the struggle which eventually forced the employers to grant a minimum wage of 30 per cent. above the 1879 basis. After the 1898 strike the masters and men signed an agreement under the sliding scale, which lasted till the end of 1902. The workmen then sought to establish a wage agreement similar to those secured by the other sections of the Miners' Federation of Great Britain. They demanded the abolition of the sliding scale, the adoption of conciliation, and the establishment of a minimum wage of 40 per cent. on the basis of 1879. After critical and prolonged negotiations the employers agreed to the chief items demanded, and a three years' agreement was signed by the associated masters and federated workmen, to date from January 1, 1903, till December 31, 1905. This agreement gave the men a minimum wage of 30 per cent. on the standard of 1879; the equivalent selling price of coal was fixed at 11s. 10d. per ton f.o.b. at the Welsh ports. A maximum was also fixed at 60 per cent.

Under this agreement the joint conciliation board is constituted of twenty-four masters and twenty-four men, with an outside chairman, who has a casting vote. All ordinary meetings of the board are conducted by a chairman appointed from among the representatives of the coalowners, and, in his absence, by the vice-chairman appointed from among the representatives of the workmen. When points of disagreement involve a rise or fall of wages, both sides agree to call in the independent chairman, who first acts in an advisory capacity. If he fails to induce the two parties to agree, he then assumes the function of an arbitrator. His decision is final and binding. But he can only exercise this power if both sides agree to refer the matter in dispute to arbitration. In such cases, after hearing the arguments adduced at the joint board meeting, the independent chairman retires into another apartment, considers the statement of the case

for and against, and then returns and gives his decision. Sometimes the case is complicated, and the decision is necessarily deferred for a week or more, to allow of fuller consideration of the various points raised by each side. It is pleasant to record that the services of the chairman were rarely requisitioned, as the joint board adjusted its differences amicably. On the whole, the opinion prevails in well-informed circles in South Wales that the conciliation board has justified its existence, and should be continued as an efficient device in the regulation of wages. Many of the coalowners are now strongly in its favour, and only those of them who for years conducted the mechanism of the sliding scale are at all averse to it; while the original confidence of the representatives of the miners in its efficacy is well confirmed by three years' working experience.

The great change introduced by the terms of the above agreement is the recognition, for the first time, that the price of coal is not the sole determinant factor of wages. It was a concession to the contention of the workmen that the volume of trade, the variations in the items of cost of production other than wages, and the practice of underselling, were factors which had a direct and important bearing on the condition of the coal trade.

(1) The miners contend that low prices often lead to an increased demand for coal, and that, since the increased output can be produced at a lower cost per ton, the coalowners may be actually making a bigger profit with low prices and an enlarged output than with high prices and a more limited output. In short, coal-production conforms to the law of increasing returns up to the point of exhaustion. Thus if, with an increased output at the lower prices, the relative cost of production per ton is lower than the relative fall in prices per ton, then the coalowner makes a better profit than at the higher prices. In any case his profits do not depend upon the market price of coal to the same extent as do the wages of the miner. Hence the contention that, while a fall in prices *per se* may justify a relative reduction in wages, allowance for the volume of trade will often negative the equity of the reduction.

(2) Again, one or more of the constant items in the cost of

production of coal, other than that of wages, may be much less in amount in bad than in good times. For instance, the market price of pitwood may then be lower than when coal prices are high, leaving a margin of advantage which the colliery proprietor should use before he seeks to reduce wages. Thus coal prices are not a sufficient index of the condition of trade, and the above two factors should be allowed due weight as determinants of wages along with prices.

(3) But the chief argument adduced by the miners, and yet the most elusive, because the least demonstrable of direct proof, is the argument against the practice of underselling as a factor detrimental to wages. Under the sliding scale it was the chief bone of contention between the masters and men. The workmen believed that in the absence of a substantial minimum, the coal-owners habitually undersold each other for meagre and temporary advantages, especially during bad trade (which their action made worse)—the time of all times when underselling should be most avoided, because it reduced wages to the poverty limit. This practice is well described by Mr. D. A. Thomas, M.P., whose extensive knowledge of the coal trade is proverbial:—

“ When a seller is asked to quote the lowest price for a cargo or contract, what influences him is not the competition of outsiders, but the knowledge of what his responsible neighbours are doing. Perhaps he has reason to believe they are taking, or are prepared to take, lower prices, and he hastens not to be anticipated. . . . When he is short of tonnage, some purchaser with whom he has long done business greets him in a casual but confidential manner, as though he would say, ‘ For heaven’s sake don’t let it go further, but I have been offered a cargo of coal equal to yours, or, at any rate, quite as suitable for my purposes, at such and such a price (3*d.* to 6*d.* below the lowest price the seller has up to that time accepted). However, if you like to have the business you can.’ The seller ponders over the statement, and feels sad at the weakness, bordering on immorality, of other colliery agents. He realizes that if he does not take the business his colliery must stop another day, and the cost of production for the whole month be raised. The vision rises up before him of an irate colliery manager with the inquiry of how the cost is to be kept down when the colliery is only kept in empties half time. . . . Finally the seller decides to accept the price and sell the cargo. He feels a bit guilty, but eases his

conscience by putting the blame on the other fellows : at the same time he makes a firm resolve that this shall be the last exceptional sale. He respects the buyer's confidence, and asks him in return to respect his by keeping the transaction dark, only to find next day that the whole market is in full possession of every detail of the whole business, and that it is being used as a lever to bring down the prices of other coals. . . . The competition being, not with foreign or even north country supplies, but with fellow-producers in South Wales."¹

The miners still accuse the coalowners of this practice at all periods of trade, good and bad. But they firmly believe that the establishment of the minimum of 30 per cent. is a real check on underselling when prices approach its equivalent of 11s. 10d. per ton. Yet it is argued by the masters that the minimum is no check on underselling at this point, and they cite as proof the fact that the audit for August and September, 1905, fixes the average selling price of coal at 11s. 4½d. per ton, or 5½d. less than the equivalent of the minimum. But this single instance does not warrant such a conclusion. All previous audits since the new agreement have been well above the minimum. If the next few audits, assuming trade does not improve, should fix the average selling price at 11s. 5d. per ton or below, then the argument would deserve serious consideration. Sales are contracted between scores of independent sellers and buyers who have a very loose knowledge of each other's contracts ; and in the tumult of heterogeneous business an exhaustive audit can alone estimate the general average prices. Nothing short of such an audit can sober the gamble of underselling, and the disclosure of the above low average of 11s. 4½d. per ton has already stiffened the prices demanded by sellers. It is obvious that the coalowners will not continue to offer coal at prices much below the equivalent of the minimum. The plea coalowners make is that, if they refuse to sell at a low figure, the demand will fall off, and both pits and men must work short time. In answer, the Welsh collier states that short time with a minimum wage is better than full time without it. He believes that less pay and more leisure are more conducive to his general

¹ *Notes on the Coal Trade*, pp. 12, 13.

well-being than all work and no play. Besides, he is well aware that the history of the coal trade under the sliding scale, when prices were low, does not bear out the assumption of a full week's work. Work was then often irregular, and the miners and their families were certainly worse off in their standard of life under the scale when trade was bad than they are now on four days' work a week. It is safe to say that the real wages of short time with the present minimum are higher than were the real wages of full time when prices approached the 1879 standard under the sliding scale. Strong in this belief, the miners of South Wales are determined to maintain the general advantages of conciliation, and will brook a protracted struggle rather than give up the present minimum. Negotiations are in progress for the establishment of a new agreement. The outlook is bright, and an agreement may be signed and in operation by the time this is published. But at present there are important differences between the respective demands of the masters and men. Hence a brief statement of the most important points at issue will serve to illustrate the respective claims and obligations of the two interests.

The main issues are reducible to six. The first two are non-essentials, because, although fundamental, they will either be settled as predicted below, or a serious rupture will ensue.

(1) *The Amount of the Minimum.*—The masters recognize the futility of any attempt to abolish the minimum. So they seek to reduce it to 20 per cent., and the men seek to raise it to 35 per cent. They will probably agree to maintain it at 30 per cent.

(2) *Its Equivalent Selling Price.*—The masters demand that it be raised from the present 11s. 10d. per ton to 12s. 6d.; and the men demand its reduction to 11s. 3d. The present equivalent of 11s. 10d. will, in all likelihood, be refixed.

(3) *Appointment of Umpire for Local Disputes.*—This is a demand made by the miners. It arises out of the economic friction caused by disagreements between local colliery management and local lodges of the miners' organization on local questions of wages, conditions, and hours of work. The fault

is not always on one side. But it is well known that the relations between employer and employed are always strained where the management ignores the official representatives of the miners, and that these relations are always amicable where the union officials are recognized. Chronic disagreement leads to enmity, and both parties suffer as a result. Thus local disputes which, at the outset, with a little common tolerance and conference, could be amicably settled, are considered half-heartedly, or postponed indefinitely, and bad feeling fostered until one dispute creates another, and capital and labour are at logger-heads. In such cases an umpire of standing who brought his qualifications to bear on both sides could often allay suspicion, encourage tolerance, and bring the parties to common agreement. On this point the miners are more enlightened than the employers, who oppose the demand as an interference with the liberty of the individual employer.

(4) *Employment of Non-Unionists.*—In this the miners have a very just cause of grievance. In all joint agreements the employers are only held responsible for the members of the Coalowners' Association. They do not sign on behalf of non-associated colliery-owners. On the other hand, the masters hold the Miners' Federation responsible, not only for its own members, but for all the miners employed on the coalfield; that is, about 12,000 non-unionists as well as 150,000 unionists. In the recent Stop-day action, the South Wales Miners' Federation had to pay damages of £57,000, not on the basis of membership, but on the basis of the total number of miners employed. The organized body of miners now declare that they will no longer be held responsible for workmen who are not members of their union. The general trade advantages which every miner enjoys are the fruit of trade union effort, and clearly the minimum wage is a direct product of the work done by the Miners' Federation. Hence those who partake of the benefits should also contribute their proportionate share of the cost of organization. One cannot predict the fate of this demand; but the representatives of the men are in no humour to quibble over it.

(5) *The Small Coal Question.*—This is a very vexed question in South Wales. Briefly the position is this. The present cutting prices of coal in most of the seams were fixed thirty or more years ago, and the prices for the newer seams tapped since that time were fixed on the same basis. For the steam and anthracite coals and certain best qualities of bituminous coal, the collier is paid for large screen coal only—that is, for coal which passes over a screen of certain dimensions. He receives nothing for the small coal which passes through the screen. The proportion of small to large coal filled by the collier and brought to the surface varies from 10, 15, 20 to 25 per cent., according to its hard or brittle nature. When the cutting prices of coal were fixed, the small coal was a waste product, and was not marketable. But with improved methods of consumption, small coal has become a more marketable commodity, especially during the last ten years. There is now a constant and growing demand for it, at prices ranging from 4s. to 8s. per ton, according to quality and to the condition of trade. But the collier gets not a single farthing for it, and that in spite of the fact that the Coal Mines Regulation Act of 1887, sec. 12, par. 1, directs that the colliers should be paid upon “the actual weights gotten by them of the mineral contracted to be gotten.” The term “mineral” clearly includes small coal. This view was upheld in a test case by Judge Owen on the 18th of June, 1890. The coalowners appealed, and the judgment was affirmed by Baron Pollock and Justice Charles in the Queen’s Bench on the 30th of January, 1891. The case was further appealed by the masters, and the judgment of the county judge was unanimously reaffirmed in the Court of Appeal by Justices Lindley, Lopes, and Fry, and the appeal dismissed with costs. And yet the miners have thought fit to waive the question at each fresh agreement in view of more urgent issues. On each occasion they have guarded their right to raise the matter at any time. Just now they demand 6d. per ton on the small coal. The matter will probably be again deferred to a future date. Yet each postponement does not weaken, but strengthens the case of the colliers. The demand for small coal is steadily increasing with every

economy in consumption; while the process of washing and preparing small coal for market also enhances its value and popularizes its use. Ultimately the miners must secure a substantial concession.

(6) *The Hauliers Question.*—Perhaps the most delicate and urgent issue is the hauliers question. This is very difficult of solution, and will severely tax the ingenuity and tact of the joint board. There are about 10,000 hauliers employed in the mines to convey, with the aid of horses, the empty and full trams to and from the coal face. The conditions of work are largely customary, and vary greatly throughout the coalfield. The rates of wages only roughly conform to the character of the work done. In various mines the haulier is paid at the varying standard rates of 3s., 3s. 1½d., 3s. 8d., 4s., and 4s. 3d., and in a few instances more per diem. Some of these rates are excessively low, and the average earning is made up by certain allowances and overtime. This often means that at present the haulier, to earn an average of 30s. per week, must remain at work in the mine as much as twelve hours a day three times a week. The miners now demand the abolition of allowances, and, if necessary, of overtime, and they ask for a general wage rate for hauliers throughout the coalfield of 4s. 3d. per day. The extreme youth of the Welsh Miners' Federation is a sufficient reason why the hauliers question is still unsettled. At best very little is likely to be done towards a settlement on the terms demanded by the men in the next agreement. Probably the wisest course would be to refer the matter to a joint committee instructed to investigate the various rates of wages and customary dues, and to draw out a uniform rate of wages in accordance with the data collected. This could then be submitted for consideration and adoption by the joint board, or another rate fixed, based on the finding of the committee. Failing such a voluntary settlement, the independent chairman, or some other arbitrator, should be empowered to fix a uniform wage for the entire coalfield.

Prediction of the outcome of negotiations is useless. If an amicable settlement results, all will be well; if the relations

become strained and negotiations cease, the plea for compulsory arbitration in industrial strife will gain another argument. A correct conception of national economy by the community would prevent the economic wastage which results from conflicts between capital and labour.

T. I. JONES.

NOTE.—Since the above was written, a new agreement between the Coalowners' Association and the Miners' Federation has been ratified. It is to last for the four years from January 1, 1906, till December 31, 1909, and is terminable by a three months' notice thenceforward. All my anticipations of the final result of the negotiations *re* the above six points of difference have been literally fulfilled.

1. The old minimum of 30 per cent. and maximum of 60 per cent. above the standard of 1879 are maintained.

2. The equivalent selling price of coal f.o.b. is refixed at 11s. 10d. per ton.

3. After keen discussion, the miners withdrew their demand for an umpire to settle local disputes. Some 4500 are out on strike since last summer on local questions of wages at Risca and Llanhilleth, in Monmouthshire. Apart from evictions, the suffering there is as intense as it is in Hemsworth in Yorkshire. The men have offered to refer the points in dispute to an outside umpire for settlement. But their employers refuse. When will the country learn to enforce the principles of national economy?

4. The non-unionist difficulty is waived for the present. Probably the masters will agree to this demand before the expiry of the new agreement.

5. The small-coal question has again been waived temporarily.

6. The hauliers question has been deferred for further investigation early this year. Probably the matter will then be thrashed out by the joint board, and finally settled much as I suggest above.

FREE LIBRARIES AND THEIR POSSIBILITIES.

IT is a remarkable fact that, though the Free Library movement is now half a century old, we are by no means agreed as to its actual usefulness to the community, nor have we quite made up our minds that municipalities should in this manner be permitted to cater for the needs of their people. Now and again when Mr. Carnegie presents a library building to this or that community, we find that there are prominent citizens who argue that the gift should not be accepted. Without attempting in this paper to consider whether it is desirable that private benevolence should thus supply a public need, it is to be frankly admitted that Mr. Carnegie is perfectly justified in asking the communities themselves to contribute something at least towards the total cost. The restrictions which are placed on the rating powers of municipalities in this matter are a curious survival of a less enlightened time. In our days, any municipality can surely be trusted to know whether it should or should not levy a twopenny rate, without having to go through the cumbrous procedure of an Act of Parliament; and this procedure has the additional disadvantage that different municipalities act in very different ways. It is surely indefensible on any grounds whatever that Manchester should be able to levy a twopenny rate while Liverpool is strictly confined to three halfpence, with the additional handicap on the latter city that it has to help its museums also out of the smaller levy.

All this points to the fact that the provision of free libraries at the expense of the rates is viewed with suspicion by many people, of whom some are by no means lacking in appreciation of social needs. There are real book-lovers, on the one hand, who declare that a man cannot love a borrowed volume; that to hold a book in proper esteem it should have necessitated something

of the nature of sacrifice in order to obtain it. Possession is nine points of appreciation, according to this view. There are others who say that it unfortunately follows that borrowers take out the wrong books for the most part, and they triumphantly point to serried ranks of gloomy figures in which fiction looms heavily. Lord Avebury the other day gave a sufficient answer to the latter argument when he pointed out that fiction is read so much more rapidly than serious literature that the figures are practically worthless. Even so, the candid man has to admit that the increase in the amount of fiction handed over the counters of public lending libraries is out of all proportion to the increase in the loans of serious works; and while he may hesitate to pronounce that the free-library movement is a failure on that account, he will claim that it is not quite the particular success which he would desire. The hygienic argument is put forward again and again; and without saying that there is nothing in it, we may frankly admit that far too much is made of it. Also it refers only to fiction, for invalids do not borrow Herbert Spencer's works or Macaulay's history, the two most popular of the serious books in most public libraries. If we are to meet the various objections, we are bound to show in what way it will be possible to bring home to that vast section of our industrial community, which now ignores the serious literature placed at its disposal by the free libraries, how such treasures are to be obtained, and what use can best be made of them.

It is the object of this paper, not so much to criticize the libraries, or to attack the social movement of which they are an evidence, as to indicate in what way something could be done to enlarge their influence, and thus undermine most of the objections which are generally urged against them. The objections to the levying of rates for this purpose generally come back to the same point. The objectors cannot see value for their money. The class which uses the libraries, they say, is not the class for which the institutions are primarily intended, overlooking the fact that all classes of the community pay the rates, whatever they may be, and that therefore there is no

particular class for which the libraries are intended. We need, first of all, to banish from our minds the cant of social distinctions. There is no reason why the professional man should not use the libraries as much as the artisan, for it is an effete notion that they are instituted merely for the poor. There are very few of us who can afford the library which we should desire to have: excepting an odd duke or a millionaire, most of us come under the class of those for whom public libraries are useful and indeed necessary institutions. A good central reference library in every town is a godsend to all intelligent members of the community, and if this element be not the majority, it is a pity for the sake of the town that it is not so.

But there is a certain missionary work to be done, and it is in respect to this missionary work that the objections of the critics of the free library system have the most justice on their side. The success of a library is not to be tested by the number of artisans who use it either for reading or for borrowing; but its success as a social force, and therefore as an economic factor, is to be judged by the impression which it is making upon that class of society which has the least opportunity for the culture and the happiness which true reading affords. In other words, the ratepayers may congratulate themselves on having a library, even if it is only used by schoolmasters, professional men, and litterateurs. It serves a good work in such a case. It is well worth the general penny rate. But it is thoroughly disheartening to the enthusiastic men who are responsible for the actual administration of such libraries that the headway which they make against the stream of popular indifference is so slow. Judged from the point of view of bald utility, none can gainsay the success of the movement. Judged from what I have called the missionary aspect, there is none but must admit its utter failure. It is to this last aspect that I propose to address myself.

To begin with, the artisan is affrighted at the huge buildings, the elaborate cataloguing, the ponderous learning, which he sees in the modern free library. If I were to venture to criticize Mr. Carnegie's benevolence, looking the gift horse microscopically

in the mouth, I should regret that he did not found at least a dozen unpretentious libraries here and there in the towns which he has chosen for his benefactions, leaving the provision of a fine central library to municipal action. The former type of library is one which would work in the missionary direction. The latter would soon be demanded by the intelligent portion of the community, that intelligent portion which has sufficient authority and electoral eloquence to make itself heard and felt. Mr. Carnegie touched on this question a couple of years ago in opening a library in Liverpool. He said that his Pittsburg Committee urged that "he must not expect to pay 50,000 or 60,000 dollars any more for a branch library. They wanted to submit libraries that would cost 120,000 dollars." Thus there has been an impetus in the direction of what we must call extravagance in building smaller libraries. No one can object to central libraries of reference in the various large towns being elaborate buildings with every equipment, nor can any one reasonably object to the branch libraries in such towns as Liverpool, Manchester, and Birmingham being institutions where practically every book can be consulted. But the more the institutions advance in this direction, the more they deter the reader whose knowledge of books is limited. He desires to read a certain number of books on a certain number of subjects. He desires that the best books shall be indicated for him. The catalogues of huge libraries are volumes of which only the comparatively expert reader can avail himself with any benefit. And though it is right that the expert reader should have his needs catered for by the community, as the community will benefit by his researches in one way or another, yet it is not right that the work of free libraries in the matter of the extension of knowledge should fix this as the limit of its endeavours.

Throughout the country it is found that a vast amount of knowledge, enthusiasm, and enterprise is shown by librarians in the matter of cataloguing. I know to what an extent these officials place their services at the disposal of readers, for I have benefited by them very largely. In the Liverpool Library,

which has special claims upon our attention as one of the first and best of its kind, and as first suggested when Mr. Ewart was member for Liverpool, the librarians are the best possible friends of the regular readers. Also it is in Liverpool that the Branch Library idea has been carried out with particular efficiency. No one who has used the Rylands Library in Manchester but can testify to the help he can have at any time from the librarians. The trouble is that those men whom one would desire to encourage to use the libraries are for the most part afraid to exercise the privilege, imagining that their ignorance is an insurmountable barrier. This self-judgment is complimentary to their humility, no doubt, but it is a feeling which we should do our best to combat. How, therefore, can we bring home to the vast sections of our population that there are these precious stores of books ready for their use, and that librarians are only too ready to give them their wide knowledge, their time, and their interest? It is to answer this question that we must set out. To utter tirades against the reading of fiction is to beat the air. The reading of fiction is often the result of an imagined impossibility of obtaining one simple straightforward book on some subject in which the men are interested. Fiction, they think, needs no guidance, though in this idea they are utterly wrong. Any volume is interesting, and they come forward with their lists, they take their volumes, often for no reason except that they have no idea of the best book for their particular purpose on some serious topic.

The first step which must be taken is to establish a considerable number of small libraries in various districts. The school buildings would answer admirably for the purpose. These libraries need only include a few hundreds of volumes. There should be the standard histories of England, some good and carefully-chosen volumes on economics, or social science, or questions affecting citizenship; a number of books of travel, together with sound dictionaries, encyclopædias, and works of reference. The monthly and quarterly reviews might be added, and with these, at a small cost, a centre of light could be placed in every crowded district. Fiction should be rigorously excluded;

and such catalogues as were in use should state not only the names of the books and of their authors and compilers, but also an outline of the scope of each work, with an authoritative account of its value. There need be no difficulty in obtaining these notes, for any librarian could supply them. I have before me as I write the small catalogue of historical fiction issued by the librarian of the Bootle Library. It is an excellent index of the subject, showing with what period each work deals, and giving in brief compass the chronological story of the world. The pamphlet would cost only a few shillings to print, and even if distributed to every house in the borough the outlay would be trifling.

It is in some such way that I should attempt the popularization of serious literature in our public libraries. Free lectures are widely advertised. The Liverpool Corporation does not hesitate to distribute handbills announcing the lectures, and to pass them into every household. Would it not be possible similarly to advertise the "best hundred"—or thousand—books, and give every householder a pamphlet with the list? If, in addition, there were smaller libraries here and there where copies of these standard books could be obtained, we should be attempting the missionary work in real earnest. Indeed, some of this work might well be done, in days of social enthusiasm, by voluntary agency. It has been well said that the day of the distributed tract is gone for ever. But is there not another phase of the distribution of tracts which might well attract our energies? Tracts which contained brief analyses of great books, which were finger-posts to the understanding of volumes themselves difficult to interpret by the non-expert mind, might do far more good than is generally imagined. The list of volumes for the student which is issued by the Christian Social Union might well be taken as an example, though its aims are higher than could at first be adopted.

The trouble is that it is so widely thought that what we have to do is to place books within the reach of the "masses." This is the utmost nonsense. The reader needs training; his mind needs some initial discipline before he can overcome the

sense of "dryness" which most treatises give him at the outset. The great libraries up and down the country are positively deterrent to the minds of men who have never had the privilege of some initial training, no matter how small. Here again we see some reason for the appalling popularity of fiction. It lies in the fact that to read fiction seems to need no discipline, no training, no introduction. That here and there an artisan learns Latin and Greek and mathematics is poor consolation when we realize what an amount of solid reading is placed in the reach of the masses and is scorned by them. The Socialist movement in the North, whatever may be said of it, has had one fine influence, in that it has driven thousands of men to the enjoyment and the close study of works of serious import; but it has done this largely by more elementary teaching in the columns of the newspapers which foster the propaganda. As well expect an untrained man to play the pianoforte as to study philosophy and history. He may pick up Hutchinson Stirling's *Secret of Hegel* at the outset of his philosophical studies, or Hallam at the start of his historical career; and then woe to his progress! Such cases are not imaginary. I know an artisan who imagined that physiology was his natural bent, and hit on a volume in one of the best provincial libraries which is the known bugbear of medical students. He has not entered a library since.

It all comes back eventually to Philip and the Eunuch; the question is not so much what do we read, or what do they read, as what do they or we understand. The popularization of reading has meant, unfortunately, anything but the popularization of understanding, and this is because we have made no effort to guide popular reading. We might as well place the working-man (I use the term conventionally) in a druggist's shop and ask him to help himself to medicines, as throw him into a library and expect him to help himself to mental stimulus. The office of the prescriber must come in, or we shall reap disaster. For this reason I would urge, in the first place, the establishment of small libraries, such libraries as the middle classes are supposed to have in their houses, and the placing of each of these libraries

at the disposal of a hundred houses, under the care of an intelligent man—a schoolmaster possibly—who would be as ready to spend his spare time in this manner as in continuation classes. He would be expected, not merely to enter names in books of record, to check issues, and the like, but it would be his duty to advise each one who came as to the best book for his particular purpose. Indeed, I think, the best arrangement of continuation classes which we could adopt at the present time would be one which would teach the art of self-acquisition of knowledge. For such a provision there is a very real demand, a demand more widespread than some of us suppose.

The readers thus led into elementary paths would be encouraged to aspire to an appreciative use of the larger libraries, where expert librarians would be only too glad to place their services at the disposal of the readers. These larger libraries would correspond to the central and branch libraries as at present existing. Little can be suggested in the direction of improving these institutions. The cataloguing is remarkably well done. Speaking of the North of England, with which I have some claim to be acquainted, I think that some expert library-users in London would be astonished if they but knew how ably the catalogues of libraries in the North are prepared. In Liverpool and Manchester these invaluable works of reference are compiled with great skill, even pamphlets being included under subject-headings in a manner which is a delight to the person who is in search of them. The one feeling of doubt is whether the work is sufficiently appreciated. The vast population has no idea of what is done for its welfare. All I propose is that some step should be taken to bring home to the people, by a method of systematic tuition, the available riches of knowledge which are at their disposal.

But just as the custodians of the little libraries in the crowded districts are to be expected to guide the reading of their clients, so I would lead the people to use the kindly service of the librarians in the larger institutions. This will probably involve a better recognition of the office of librarian, and in some cases also the appointment of men of better calibre than is the case

at present. These latter cases are very rare, I feel, though of course it is difficult to speak categorically. The librarians of the institutions with which I am acquainted are men who are fitted to advise 90 per cent. of the readers. But they are not recognized, either in pay or in status, as so equipped. I am not a librarian, or in any way connected with libraries, and I speak without prejudice when I say that municipal authorities regard their servants in this capacity as mere book-dusters, book-custodians, authorities on book-titles. These librarians are much more; or if they are not, they ought to be. Municipalities are ready to appoint directors of technical knowledge, to whom they look to advise the community on the matters on which they speak with authority. Why not have directors of general knowledge to whom the public have a right to apply for guidance in reading? It will necessitate some outlay, for at present librarians are not paid a salary commensurate with the position which I am foreshadowing. But not until some such step is taken will it be possible to show the real utility of free libraries for the very class which the opponents of the enterprise regard with such tenderness.

In short, the whole system needs overhauling. The restriction of rates is ridiculous in the extreme, and forces municipalities into all manner of dodges to evade expense, or to allot it to accounts other than the library rate. Also it is increasingly urgent that libraries should not be regarded by municipal authorities as sufficiently equipped when books—in thousands it may be—are placed on shelves, and catalogued, and when a couple of young ladies are placed behind a counter. The active potentialities of libraries need to be directed. At present they are mere passive opportunities, ready to hand if required, but failing for the most part to induce people to require them. Then comes in the objector, throwing his gibes at an institution which has been thwarted from fulfilling its work; for if the institutions were permitted to do what they are capable of doing, even the objectors themselves might come to be earnest students within their walls. I am well aware that something of this kind is done in several "settlements," and much by the

individual enthusiasm of librarians. But I do not see many signs of municipal interest, certainly not of municipal enthusiasm, in the direction I have indicated. If it were so, the municipalities would not be making their lowly pleas to Mr. Carnegie in the present humiliating fashion. If they realized the possibilities of the free libraries they would no more appeal to a millionaire to undertake the building of such desirable institutions than they would appeal to him to pay for drains or for lighting the streets. The difficulty is that libraries are regarded as a sort of pretty toy which Muddleton must have if Mangleton has. Of the five hundred municipal libraries in this country the green eye of envy has been the occasion of at least four hundred.

Of course all such developments as I have indicated mean money. At this point the objector raises his voice. Rates, he says, are high enough, and perhaps he is right. But when it is pointed out that a little extra expenditure would bring about the realization of the full result of the previous outlay, he may perhaps be led to see the advantage. It is the pennyworth of tar which is to preserve the ship. The little additional expenditure which will make the present free libraries into centres of light for the great communities; which will not merely render it possible, to quote from an enthusiastic opening speech, "for the toiler to read the treasures of the ages," but will also insist that the toiler shall have an opportunity to be shown what the "treasures of the ages" really are—this little expenditure will widen the scope of the library movement past all belief. It will remove the sadness of heart which must affect all librarians who look round at the crowded districts, and wonder how it is that so few of the thousands ever come across the threshold of their palace of delight. And to those of us to whom social reform is very dear it will bring a ray of hope. What is the use of improvement in housing, wages, or leisure, unless the coping-stone is put upon our work? This is not the place in which to deal with the spiritual side of the question; but there is a spiritual side. How much of the indifference to religion to-day is due to unenlightenment we cannot say; but

we must have our suspicions that the neglect of the serious volume and the triumph of the journal and novel and novelette have had something to do with it. Reading has largely ousted oratory, both on the platform and in the pulpit,—oratory, which was once the source of enlightenment for untrained minds. Now, alas! the untrained mind feeds on indigested mental food. We have taught all men how to gather sense from signs,—to “read,” we call it, humorously enough—but we have not taught them how to discriminate between the true sense and the non-sense. Thirty years of Education Acts have left the libraries with a field of endless possibilities before them; and it is a solemn reflection that with such a vast influence for good so little has been accomplished.

JOHN GARRETT LEIGH.

THE ECONOMIC ASPECT OF ALIEN LABOUR.

“ON the whole,” declares the Report of the Alien Commission, “we arrive at the conclusion, after weighing the evidence of both sides, that it has not been proved that there is any serious direct displacement of skilled English labour ” (par. 131).

Notwithstanding this clear statement, however, the charge of displacement is repeatedly made. Apparently, not only are the leaders of the recent anti-alien agitation entirely unacquainted with a good deal of the evidence before the Commission, but they are even ignorant of the Report from behind the entrenchment of which they have been continually sniping. It must have been with deliberate intent that they also overlooked the following statement in the Report:—

“The development of the three main industries—tailoring, cabinet-making, and shoe-making—in which the aliens engage, has undoubtedly been beneficial in various ways ; it has increased the demand for, and the manufacture of, goods made in this country (which were formerly imported from abroad), and of the materials used in them, thus indirectly giving employment to native workers ” (par. 129).

And since the Commission reported we have had other blue books to throw a further flood of light on this subject. The two volumes due to the state of Mr. Balfour’s philosophic doubt on the fiscal question indicate a direction in which the Alien Commissioners’ inquiries could have been turned with the greatest advantage. In the first of these¹ a table is given of the number of workers in England and Wales in various trades at the last six census enumerations. The following are the figures referring to the three trades mentioned by the commission :—

		1851.	1861.	1871.	1881.	1891.	1901.
Tailoring .. ..	..	139,219	142,955	149,864	160,648	208,720	259,292
Boot and shoe ..	..	243,935	255,791	224,559	224,059	248,789	251,143
Furniture .. ..	..	47,958	64,148	75,202	84,131	101,345	121,531

¹ Cd. 1761, p. 362.

These figures demonstrate clearly the development that has taken place in the three trades since the present alien influx began—about 1880. It will be seen that, in the tailoring industry, while the number of workers increased by 21,000 in the thirty years 1851–1881, in the twenty years 1881–1901 the increase was nearly 100,000. In the furniture trade the workers increased by about 36,000 in the first thirty years; but in the next twenty years the increase was 37,000, and in the final ten years there was a rise of over 20,000. The boot and shoe trade shows some fluctuations which are even more eloquent of the change wrought by the alien. More than any other this industry has been “ruined” by the alien, if the anti-alienists are to be believed. Yet the figures prove that, whereas the number of workers decreased by over 30,000 in the ten years 1861–1871, and remained practically stationary during the next decade, they pulled up almost to the 1861 figure in the twenty years 1881–1901, and this despite the great difference made by the introduction of labour-saving machinery.

It may be hastily assumed that the increases in each trade denote the number of aliens that have entered them. Happily there are the census figures to disprove this. In the first place, at the last census, the total number of workers in the three trades, viz. 631,966, was more than twice the total number of aliens in the United Kingdom at that time, viz. 286,925; and the increase in the three trades in the ten years, viz. 73,112, is more than the increase in the number of aliens in the same period, viz. 67,402. More detailed figures show that the number of alien workers in England and Wales in the three trades at the last two census enumerations was as follows:—

				Tailoring.					Boot and shoe.			Furniture.
1891	..	..	..	14,735	..	..	3608	..	..	2534		
1901	..	..	..	24,850	..	..	5108	..	..	5405		

The workers in the tailoring trade comprised 19,955 men and 4895 women, the men having increased from 11,637, and the women from 3098 in 1891. The men, it is stated, represent a percentage of 14·5 of the total male workers in the industry, and the women 4 per cent. of the total female workers. The

alien furniture workers represent 5·2 per cent. of the total, and the boot and shoe workers, who include slipper makers, a paltry 2·6 of the total workers in the trade. Alongside these figures, every one of them taken from the most authoritative source, place the following remark by Mr. Haldane Porter on the Aliens Bill:—

“ But the three trades which have suffered most at the hands of the sweating and sweated alien are tailoring, bootmaking, and cabinet-making. The first-named is almost entirely in their hands, and work which might be done by English women and girls is now done by aliens.”¹

If 24,850 tailors can be said to have almost all the trade in their hands when over ten times that number are engaged in the industry, I am sorry for Mr. Porter's arithmetic, mental and moral. Here is further and more detailed proof which bears particularly on his regret that work is not done by English girls. In fact, a great deal of the work is done by English girls, as is proved by the following table taken from the fiscal blue book:—²

WORKERS IN THE TAILORING TRADE.

				Males.			Females.			Total.
1851	..	..	..	121,736	..	..	17,483	..	..	139,219
1861	..	..	..	113,467	..	..	29,488	..	..	142,955
1871	..	..	..	111,843	..	..	38,021	..	..	149,864
1881	..	..	..	107,668	..	..	52,980	..	..	160,648
1891	..	..	..	119,496	..	..	89,224	..	..	208,720
1901	..	..	..	137,246	..	..	122,046	..	..	259,292

This table shows an extraordinary increase in the number of females engaged in the tailoring trade; and since at the last census there were only 4895 alien women (about one twenty-fourth of the total) in the industry, it follows that the remainder, nearly 117,000 must be English. The table also proves another most interesting fact, viz. that while between 1851 and 1881 the English women were ousting the English men from the trade, since the latter decreased while the former increased, the development of the trade by the aliens after 1881 enabled the men to regain their place in the industry without affecting

¹ *Pall Mall Gazette*, May 3, 1905.

² Cd. 1761, p. 365.

the rate of increase of women workers. The truth of the matter is that English girls are now doing work which could formerly be done by alien tailors only. The foreign Jew not only developed tailoring, but by the methods which he introduced, practically created a new industry which now provides more natives than aliens with a livelihood in Leeds. Many huge factories have been erected in the town within the last twenty years, and the vast majority of workers in them are natives. The Jews are the outside workers, and they also employ a number of English girls. Mills that were left derelict on the loss of the linen trade, which migrated from Leeds to Ireland, now resound with the whirr of the sewing-machine, and in the neighbouring districts of the city, thousands of Yorkshire mill-workers are employed to make the cloth used in the trade. It was the Jewish alien who saw the greater possibilities in this industry by removing it from Glasgow to the neighbourhood of the cloth mills.

Further proof of this is to be found in the speeches of Mr. Rowland Barran, M.P. for North Leeds, during the by-election in that city in July, 1902. Mr. Barran is a member of what is probably the largest firm of ready-made clothiers in the world—one which was largely built up by alien labour—and during the contest he is reported to have said that—

“Owing to the fact of the employment of Jews and their expert knowledge, England was able to maintain practically a monopoly of the clothing trade of the world; and to prevent them taking part in the trade would seriously affect, not only the clothing trade of Leeds, but the whole of the woollen trade of the West Riding, and the cotton trade of Lancashire.”¹

It is worthy of note also that a Jew, Nahum Salamon, who died in 1900, was practically the founder of the British sewing-machines, by introducing the “Howe,” the pioneer machine, into England.

Mr. J. O. Bairstow stated, in his evidence before the Alien Commission, that he had to employ Jewish people when he introduced the wholesale clothing trade into Huddersfield, because

¹ *Leeds and Yorkshire Mercury*, July 24, 1902.

at that time "there was no possibility of getting English tailors to work at the trade."¹ At the time of his evidence, however, he said that "we scarcely employ any Jew labour at all."² So that what happened was that the Jew paved the way for the non-Jew, whom he taught a trade unknown to the latter. That the aliens introduced much-needed reform into the clothing industry, and quickened it into new life, is proved by the following evidence of Mr. A. E. Richards, manager of the Sheffield branch of the West End Clothiers' Company.

"The causes which have led to the employment of aliens in the English tailoring trade may be said to be the drawbacks attendant on the old-fashioned methods employed by British workmen under the rules of the Amalgamated Society of Tailors."

"The method brought into this country by alien tailors at a fixed daily wage was the manufacture of clothes by several distinct workmen. Better and quicker work was the result. The alien tailor is regular in his attendance at business, punctual, and temperate."

"The British tailor seldom works on Monday. As regards wages, the alien actually earns 50 per cent. more than the British tailor. As regards the quality of the work done, the aliens are fully equal to the British tailor."³

The number of references of the same character to the tailoring trade could be increased almost indefinitely from the pages of the Minutes of Evidence, but mention must be made of other trades. Evidence of the introduction of the ladies' mantle trade into England was given by Mr. Morris Cohen, a naturalized alien, who told the Commission that when he replied to advertisements asking for ladies' tailors in 1880, he was the only applicant on each occasion. There were no English ladies' tailors at the time, and he therefore obtained the work. All the ladies' tailoring was then done abroad, principally in Germany and France. Mr. Cohen, with the aid of other aliens who were engaged in that trade before they came to England, started as a manufacturer, and the following statement shows how the trade has been developed.

"I now employ (in addition to outdoor workers) upwards of 180

¹ Ans. 15,140.

² Ans. 15,143.

³ Answers 20,137 ; 20,139 ; 20,140.

persons indoors—about fifty of these are English Christians, about fifty English Jews, and the remainder are aliens who do the principal parts of the work, such as basting and fitting, and which I cannot get done by English workers. These English workpeople have all learned their trade from the original foreign workmen who brought the new manufacture into this country. During the last ten years I have further developed the trade by introducing embroidery on my goods, again successfully competing with the German manufacturers. As a result, the drapery and mantle shops now ticket their jackets ‘English tailor-made.’ There are now probably not less than 20,000 persons, both alien and English, working amicably together in England at this trade introduced by alien tailors. I claim the introduction of the manufacture of cloth jackets, capes, etc., which formerly were entirely imported from Germany. There are still upwards of 50,000 persons employed in the trade in Germany, solely to supply the English market. Provided a sufficient quantity of workers could be obtained in England (and I frequently advertise for them in the Jewish papers without result, and the native market is absolutely emptied), it would still take very many years to get the whole of the trade from Germany. By the introduction of the trade to England other industries have benefited, as we use as far as possible materials of English manufacture, whilst the mantles made abroad are generally of foreign materials.”¹

Here, again, is clear proof of the very reverse of the charge that native labour is displaced. The firm of Hitchcock, Williams and Co., of St. Paul’s Churchyard, was the first to employ foreign workers in the mantle trade, and the following remarkable letter gives the results of their enterprise.

“In the year 1885 the demand for ladies’ tailor-made jackets came into vogue, and to meet the demand for our British and Colonial trade we were compelled to import large quantities of these garments from Germany. They were made of German materials by tailors in and around Berlin. We tried to produce these garments in our own factories, but without success; our women workers were unable to manipulate the hand-irons used by the tailors, and we could not get them to do the work. As the fashion became more pronounced, large orders went abroad, and in 1888 £150,000 was sent to Germany in payment of these accounts. In 1889, we decided to introduce foreign Jewish tailors and their special methods into a factory we had recently built with satisfactory results. Their work has been excellent, British material has been used instead of German, and a large part of the

¹ Ans. 18,968.

money sent formerly to Berlin has been distributed among British manufacturers and in wages. The quality of the work has improved year by year ; the garments made in our factory are better than those imported previously. Other English firms have followed our lead, and to-day the German press admits the loss of her trade in those goods with England. Our experience shows that these foreign Jewish tailors do a class of work which our workers cannot undertake with success, and earn a high rate of pay.”¹

With respect to the furniture trade, Mr. M. Wigram, a furniture dealer of Sheffield, stated that “there used to be a lot of furniture brought from America fifteen or sixteen years ago ; but now, by introducing foreign labour, we are coping with the American market.”² This statement is borne out, not only by the increase in the number of furniture workers here, but also by the Board of Trade returns. Before 1903, furniture was included with such things as “house frames” and “fittings” in the imports. Between 1899 and 1904, the value of all these imports fell from £1,445,425 to £920,846. In 1903, the furniture imports were valued at £707,414, out of a total with the fittings, etc., of £1,176,154, and they fell in the following year to £588,219 out of the total of £920,846. The exports of furniture and cabinet ware, on the other hand, rose from £574,648 in 1899 to £940,311 in 1903.

Mr. Kramrisch, manager for Messrs. Mitchell and Sons, Glasgow, and formerly manager for Messrs. Players, Nottingham, spoke of the introduction of the cigarette-making industry by Russians, and pointed out that it “has been the means of providing work for British workers in connexion with the packing, printing, and box-making, in addition to those British makers who are engaged in the cigarette making themselves,”³ while Mr. Prag contended that it was due to the Jewish immigrant that the attack of the American Trust in this trade had been repelled.⁴ Here, again, the Board of Trade returns furnish corroboration. Prior to 1902, cigarettes were included with “other sorts” of tobacco in the returns. In that year, the imports of American cigarettes were of the value of £71,690 ;

¹ *Jewish Chronicle*, April 22, 1898.

² Ans. 20,085.

³ Ans. 21,717.

⁴ Ans. 17,863.

in 1903 they fell to £31,233, while in 1904, the paltry sum of £3549 just availed to prevent American "fags" from disappearing entirely from our Board of Trade statistics. In the three years, the imports of cigarettes from other countries fell from £162,954 to £138,740, and it cannot be contended for a moment that fewer cigarettes are being smoked. What these figures prove is that we are now largely making our own cigarettes for our own consumption, and the workers are chiefly English girls. Unfortunately the census does not give the number of cigarette-makers, but under the heading of "tobacco manufacturers and tobacconists," the total number of aliens, male and female, is 2446. In this industry only the actual making of the cigarette has been the work of aliens; all workers in the subsidiary branches are natives.

The waterproof industry has followed the same course. "Quite 75 per cent. of the rubber manufactures in this country," said Mr. B. Abrahams to the Commission, "came from factories started and owned by foreigners; while, on the other hand, quite 75 per cent. of the labour employed by these foreigners is English."¹ Mr. Prag gave the following list of trades introduced and developed by Jews: mantle, boot and shoe, clothing, fur, cap-making, cigar and cigarette trimming, waterproof clothing and blouse-making.

We may now turn to the all-important question of wages, and the charge that the alien undersells British labour. It is a significant fact that the statistics supplied by the Board of Trade, and printed in the Appendix to the Alien Commission's Minutes of Evidence, actually show that in the three leading industries in which aliens engage, tailoring, boot and shoe, and furniture, wages have increased. In each case the figures cover a period of ten years, 1893-1902. In the furnishing trade a table is given of thirty-one changes, only four of which are decreases, and in two of these instances they are scarcely furniture workers at all, being packing-box makers at Glasgow and Manchester. The other decreases were at Bristol; but in the remaining twenty-seven cases, referring to places all over

¹ Ans. 18,899.

England and Scotland, only increases are recorded. In the boot and shoe trade, there are thirty-four instances of advance, and only four of reduction, the last one on the list referring to a decrease in piece rates on army work affecting five hundred Northamptonshire lasters. In the tailoring trade forty-two cases, all of increases, are given, and not one case of decrease. This table is particularly interesting, inasmuch as it refers only to the bespoke and not to the ready-made clothing trade, although the natural assumption would be that the rapid strides which the latter industry has made by means of subdivision of labour and the use of machinery would reduce the rates of pay in the old-fashioned branch.

But the development of the clothing trade has led to a strange result. It has actually assisted, on the whole, the bespoke trade, and for this reason. Formerly workmen had to wear their old clothes when they were really too shabby to be worn, or buy second-hand garments, but now they are able to obtain cheap ready-made suits for ordinary wear, and to indulge in the luxury of a best suit made to order. And notwithstanding the rise of wages in the trade, the price of bespoke goods has fallen. Referring to the cost of workmen's clothes, the second fiscal blue book remarks that—

“In the chief article, suits, a considerable reduction has taken place, which has been almost continuous from 1881 to 1904, except that in the depressed years of 1894–5, lower prices than usual obtained.”¹

The reductions amounted to about 15 per cent. in the price of suits and trousers, and 3 per cent. in the cost of overcoats. Statistics of wages in the wholesale clothing trade were not given by the Board of Trade; but Mr. S. Freedman, the secretary of the Amalgamated Jewish Tailors, Machinists and Pressers Trade Union, at Leeds, who gave evidence before the Commission, informs me that not only are wages better than ten or twelve years ago, but that there has also been an improvement in the hours of labour, and in the conditions under which the work is done in the outside shops—that is, the Jewish

¹ Od. 2337, p. 56.

workshops. He also adds that very few Jewish tailoresses work after their marriage, and that large numbers of Englishwomen prefer to work in Jewish shops because "they get more wages and are less sweated." They do not work either on Saturday or Sunday. The average wages of Gentile tailors has increased, says Mr. Freedman, and, generally speaking, the Jewish tailor earns more money.

With respect to women workers in the tailoring trade, an article on "London Tailoresses" by Miss Clementina Black, in the *Economic Journal* of December, 1904, is worth quoting:—

"Skill rather than strength is required of the 'vest hand.' . . . A good and experienced worker will make, in busy times, from 35s. to 50s. a week, and, according to one investigator, 'never less than 15s. a week in slack times.' . . . A good many women seem to succeed in setting up little workshops for waistcoat-making. . . .

"The tailor and tailoress of the East-end are not, as many persons suppose, invariably engaged upon the poorest and cheapest kinds of clothes. . . . In the workshops piecework is usual, and wages in the busy season may be put roughly at from 9s. to 20s. a week, 15s. being a fair average. Some instances of timework—by the day, not by the week—were found, the day's wage being from 3s. to 5s. The regular hours are from 8 to 8, but the Jewish workers—who are numerous—do not, of course, work on Saturdays. . . .

"Button-holing, again, is as much done in the East-end as in the West, but is generally—not always—of a poorer sort, and the prices seem to be suffering from the competition of the button-hole machine. In Soho, the usual rates are 1d. for large and $\frac{1}{2}$ for small holes, twist being supplied, but not needles or thread. A large hole is said in Soho to take about fifteen minutes to make; a Whitechapel worker is said to make twelve in an hour. It is noteworthy that throughout the East-end Jewish workers, working at piecework rates, for five days a week, earn as much as Gentiles working for six. Whether this be owing to inherent superiority, to the fact that the human machine works so much better when it has two days' rest a week instead of one, or to the pressure of grim necessity, I will not venture to decide. It may be noted, however, that the Jew does not take that 'Monday off' to which his Gentile rival is prone."

There still remains the charge of "sweating." That word itself, it is important to note, is not used by the Commission in

its conclusions on the industrial and economic aspects of alien immigration, and its summing up is as follows:—

“Leaving the skilled labour market out of the question, we think it proved that the industrial conditions under which a large number of aliens work in London fall below the standard which ought, alike in the interests of the workmen and the community at large, to be maintained.”

In respect of the use of the word “sweating,” Mr. H. Llewellyn Smith, Deputy Comptroller-General of the Commercial, Labour, and Statistical Department of the Board of Trade, warned the Commission against a too free interpretation.

“Endless meanings,” he said, “are attached by different people to that word. To the public, I think it means in a vague way, the evils of low wages and long hours, and insanitary conditions. To the old-fashioned English tailor it means nothing more or less than subdivision of labour. That is what he calls the making of garments under the sweating system.”¹

Major Evans Gordon demurred, but Lord James admitted the force of the statement. Mr. Smith also said, in a subsequent reply:—

“I have had some experience of the same kind, and I wanted, if I might, to put the Commission on their guard. To the boot and shoe maker ‘sweating’ usually means a pretty definite thing; at least it used to, and I think it does now. It means the giving out of certain processes, like lasting and finishing, at a certain price to a contractor or sweater, as he is called, to be performed by a team of operatives employed by him working mainly without machinery, instead of it being done throughout at the old piece rate, which was the single piece rate for lasting, or for finishing. In some other trades it simply means home work; that is to say, work done outside the factory or workshop. In general, it means to a workman a particular form of organizing labour, to which, for one reason or another, he objects. In other words, I am afraid it is a word that has no definite scientific meaning.”²

This lucid explanation undoubtedly had its effect on the Commission, which has not a word to say on the matter in its

¹ Ans. 22,657.

² Ans. 22,659.

recommendations. And were the general public better informed of the meaning frequently attached to the word "sweating," they would not be so easily misled by those who use it recklessly in their ignorance, or maliciously without explanation, leaving a graver condition of things to be imagined than really exists. That crimes have been committed against humanity in ill-conditioned workrooms under the control of grinding task-masters it would be idle to deny, but the evil is one which lends itself to the discipline of the Factory Acts and sanitary laws just as overcrowding does. Considerable improvement has been effected, and if the law needs strengthening in certain directions, it is not because of the alien. It seems to be generally forgotten that Charles Kingsley wrote *Alton Locke*, in which he called attention to the wretched condition of English tailors, and Thomas Hood wrote his *Song of the Shirt*, long before the present race of alien immigrants settled in this country. Enough has been said in this article to show that the general condition of tailors and tailoresses has vastly improved since those days. The worst forms of sweating are to be found now in the trades in which aliens do not engage. One has only to study the last annual report of the factory inspectors to learn the truth of that. Trades are mentioned there in which the conditions have not improved as in the tailoring trade—trades in which women are sweated and engaged in work at which it is positive cruelty to keep them employed, especially during certain critical periods of their lives. These matters were also referred to before the Physical Deterioration Committee. Among the Jews very few women work after marriage, and never in the period before childbirth. Jewish children, too, are allowed to finish their schooling before being driven to the factory.

In conclusion, I would suggest that those who are ever drawing comparisons between the alien immigrants of to-day and those of centuries ago, pointing out that the latter established new and valuable industries, would do well to compare the conditions of the past with those of to-day. There has been, in fact, in every trade affected by the introduction of alien workers, a real and continuous improvement during the last

few decades. Is it too much to hope that, since the great benefits conferred on England and English industries by the Huguenots and the Flemish emigrants has been generally recognized, equal justice will be shown to those who, fleeing from persecution, have settled in this country in recent years, and have introduced new trades and revived decaying industries, which have enabled us to hold our own with Germany in the cheap markets of the world?

M. J. LANDA.

ASPECTS OF UNEMPLOYMENT IN WEST HAM.

PERHAPS one of the most cheering features of this otherwise very depressing question is the change of front exhibited during the last two or three years, not only on the part of the more serious and interested section of the community, but also on the part of the public at large, towards what is after all an important national question. Our methods in the past have been characteristically English; the policy of *Laissez faire* has been deemed sufficient; we have been content to talk in an amiable manner about cycles of depression, trusting that things will right themselves in the natural order of things; we have forgotten that even in the most formal and academic system of economics we are not dealing with mere dead cyphers, and that every period of depression sets in motion evolutionary tendencies of degeneration and decay too far reaching and serious in their effects to be righted by any natural or automatic process of reactions. The problem on the face of it appears to be the simple question of a depression of trade, caused by some outside influence and affecting a certain proportion of the community. But a very little reflection will show the blindness of such a view. The question is a far larger one. One science bearing directly on the subject, the science of sociology, is even now in its infancy; all honour is due to those individuals who, like Mr. Charles Booth—to mention only one name—have been foremost in devoting time and thought to its service, and to those societies which agree with the Charity Organization Society in maintaining that the widest possible knowledge must go hand in hand with the attempt to secure the intelligent application of well thought-out principles. It is interesting to notice how the persevering insistence on these principles and methods, in the face of popular prejudice and hostility, is

beginning to bear fruit; and not the least hopeful result of the recent legislation has been the association of the statutory authority with the voluntary workers of the societies.

The factors which make for unemployment are not merely confined to the fluctuations in the labour market; we are dealing with human beings, with that complexity which is embodied in human character. When the opportunity to work exists, the will may be found to be wanting; and, conversely, the urgent will may be denied its opportunity. But the problem as thus stated may be modified and complicated by a whole set of influences and tendencies of heredity, environment, and disposition, which must be taken into account before it is possible to arrive at an estimate as to the lines on which remedies and solutions are usefully to be sought.

The contentions so far put forward may perhaps be most usefully upheld by reference to facts and illustrations drawn from a district of which I have some knowledge, namely the borough of West Ham. Much that will be said will be mere truism; no claim is laid to originality; nor indeed do I profess to offer a solution: but experience seems to show that in matters of social reform attention must be drawn over and over again to evils which the community, from familiarity and habit, has come to regard with a growing complacency as inevitable. West Ham presents, in an extreme form, a process which is going on on the fringe of many large industrial centres—an extraordinary and rapid growth of urban life. During the past thirty years the population has risen from about 60,000 to nearly 300,000, roughly speaking, an increase of 8000 a year. The importance of this does not arise from the mere record of the figures implying growth, but from the haphazard and wanton character of that growth. It carries with it a housing question, a health question, and, generally speaking, a sudden appearance of the many difficulties with which local administration has to deal.

This aspect of the question seems to me to be bound up with what is fundamental to the whole problem, namely the system of land tenure. Until land can be brought more easily and

efficiently under control, it seems to be almost hopeless to expect real reform. What we see at present is the exploiting and mutilating of large tracts of land, in order that selfish and irresponsible people may make larger profits. The jerry-builder is only too ready to give practical expression to the thoughtless and hasty wishes of the leaseholder, and, time after time, when the property which is the outcome of an ill-considered and immoral alliance between these two classes of persons has acquired a wholly fictitious value, those modifications and improvements which are necessary for the convenience and well-being of the community as a whole can only be carried out at a disastrous cost. The hopelessness of this side of the question is that, under existing conditions, this evil is capable of indefinite extension; and the Government which has the courage to regulate and control urban expansion will have accomplished a far-reaching measure of reform.

The housing question, which springs out of this land question, must also be mentioned. It is useless to expect to produce an economically fit race from conditions of unhealthiness and disease; it is absurd to think that we can make up for the permanent lack of fresh air and proper playgrounds for children by a fortnight's holiday in the country. Any serious attempt to deal with the unemployed must ultimately take into account environment and conditions of life in all their bearings. And on these points, at any rate as far as West Ham is concerned, the lack of knowledge already referred to is a conspicuous feature; it is, however, interesting to see, from a recent letter to the press from the London School of Economics, that an inquiry is being instituted as to the local conditions in the borough.

Turning from conditions of living and housing to conditions of employment, we observe tendencies at work which are the common heritage of the labour market in all parts of England. Displacement and inconvenience are caused by the periodic shortening of hands, the establishment of labour-saving machinery, and the casual character of employment. In the dock district, men are employed for a short period, earning

good wages—more, probably, than they actually need. This, however, is counterbalanced by the period of idleness which follows. Further, the loss of work owing to external causes and the casual character of employment has an important bearing from the moral point of view. It is easy to tell the casual labourer to be thrifty and careful, but it is also easy to forget that we ourselves should be the first to fall into his errors, were we subjected to similar conditions of life and employment. But perhaps one of the most striking facts which come under observation in this connexion is the extraordinary downward tendency which is the outcome of failure to obtain work. Few people realize what delicacy of touch and perfection of nerve is required in some skilled trades, or how often the temporary provision of unskilled work for a skilled workman proves disastrous to his efficiency; for not only does the man suffer physically from the effect of the period during which he was out of employment, but also the temporary work with which he was provided leaves him at the end economically unfitted for his regular trade. It is impossible to estimate the peril to character and efficiency which arises among even the best and morally strongest workmen owing to failure to obtain employment; and it is a peril which embraces not only the man himself, but succeeding generations as well, and at last leaves its mark on the community itself.

As far as we are concerned with actual attempts in the past to meet and cope with distress, the borough of West Ham affords a striking example of the effect of that lack of knowledge and thought which has already been deprecated. During the past ten years every winter has brought with it an unemployed question. It has been met on the part of the Borough Council by relief works, and on the part of the Guardians by a badly managed and ill-advised labour yard. Until lately there has been no co-operation between these two bodies, and their schemes have contributed in no sort of way to a solution of the problem.

During the winter of 1904-5 the climax of folly and sentimentalism was reached. Nearly £100,000 was spent in relief, that amount being provided by the Borough Council, the Board of Guardians, and the "charitable public." The situation, intensified

and exaggerated by the action of the newspapers, was nothing short of amazing; the harm done to the community, and the paralysis of real reform, was immense. It is sincerely to be hoped that the experience of last year has taught the country at large a lesson which will not easily be forgotten. Not only have such methods failed to contribute in the slightest degree to the real solution of the question or to the benefit of the country, but they have been positively harmful and demoralizing. It would perhaps be fitting to mention one serious attempt that was made by the members of the Trinity College Oxford Settlement to meet the distress. Upwards of one hundred men were sent, after careful selection, to the Garden City at Letchworth. Those who are interested in this method of meeting the difficulty would do well to study the Report of the colony.¹ It contains much interesting and valuable information, with statistics and comparative tables. This little colony really stands out as the sole effort made in the borough to face the question during last winter.

With the approach of the spring of 1905 unemployment ceased to agitate the local mind so much, but it became evident as the summer proceeded that trade was very bad, and there did not appear to be any immediate prospect of a betterment. The number of men out of work did not seem appreciably to decrease, and the worst apprehensions for the coming winter were entertained. Under these circumstances the unemployed proceeded to organize themselves, to hold meetings (for which purpose the Mayor granted them the use of the Town Hall and the Recreation Ground), and to set forth a policy. This movement, which was not regarded by many as a representative expression of unemployment, and was led by men whom most people agreed to mistrust was remarkable in many ways. In its early stages it was of a wild and somewhat revolutionary character; but wiser counsels prevailed, and in their speeches the leaders insisted that their aims were to keep the question as a national one before the

¹ *Report of a Temporary Colony at Garden City for Unemployed Workmen, mainly from West Ham, during February, March, and April, 1905.* [P. S. King. London. Price 6d. net.]

country; to induce the men and their families to go *en masse* into the workhouse; to oppose outdoor relief, newspaper funds, and charitable doles; and to press the policy known as "back to the land" as the only real solution of the problem. The attempt to get men to go into the workhouse was not a success, but the meetings were on the whole valuable and effective. The organization was maintained by a committee, which met three times a week, conducting its affairs in a businesslike manner, and keeping a record of its proceedings. The committee undertook the compilation of a register, the arrangement of meetings, and the work of a labour exchange on a small scale. Its chairman was an anarchist; its members were mostly socialists, and included members of the Borough Council, a Nonconformist minister, and clergy of the Church of England. The official labour party and the trades unions were either hostile or indifferent. Its period of operations extended from July till about October, when a new situation was created by the formation of the Distress Committee under the Act.

Those who watched this movement were impressed by its law-abiding character, although there was a moment of some little anxiety at the time when it became evident that the conduct of affairs must pass into other hands. However, the change was effected without disturbance, and the Distress Committee took over the registers, giving money compensation for the work done. It is perhaps easy to exaggerate the importance of this so-called agitation among the unemployed; but these facts seem to stand out clearly:—the situation justified it; its aims were clearly expressed, its methods orderly and cool-headed; it kept the question before the public; and it may have taught some of the men themselves to think more clearly and to realize the principles involved in the question. There is, too, this further point:—the work of the West Ham Distress Committee is probably in a more forward state and more soundly organized than that of any other borough; this is in a measure due to the movement just described, for, as the outcome of it, the authorities not only got early to work in forming their committee, but also added very considerably to the efficiency of

their work by accepting the offer of the Charity Organization Society to send skilled investigators to verify their cases—an offer which had already been accepted by the leaders of the unemployed.

It is fair to say, therefore, that although the management of affairs has passed into the hands of the Distress Committee, the work of the preceding months was not without its value.

The Distress Committee has between 3000 and 4000 names on its register, at the time of writing, and some 1200 of these have been investigated, classified, and reported upon. They are divided into four classes, on a basis of efficiency. The test is of a twofold character: (a) in respect of capacity as a workman; (b) in respect of moral character. To illustrate this classification, let me quote abstracts of some specimen cases.

It should be noted that only Classes I., II., and III(a.) are recommended for assistance.

Class I. Plumber, aged forty-four. Wife and six children, two of whom earn about 5s. each. Three months' unemployment in last six months. Four years' job up to September, 1905. Wages 32s. 6d. Has had outdoor relief. (This is the only blot on his record.) Pays 6s. 6d. for three rooms. Owes 13s. Neighbours all speak well of him.

Class II.—(i.) Painter, aged thirty-one. Wife and three children. Earnings, in regular work, 35s. 5d.; in casual, 9s. 4d. Total unemployment in last six months, one month; in last twelve months, six months. Pays 1s. 3d. a fortnight to London and Provincial Friendly Society. Rent eight weeks in arrear. Will shortly get notice to quit. Mother helps with food for children. Wife a bad manager. References, both private and employer's, good. When out of work, gets a few odd jobs with an undertaker at brass-cleaning, etc. Last employment was for five months, ending September, 1905. Two days' relief work last January. Longest job, three and a half years casual up to 1903. A casual skilled hand. Rent 7s. 6d. for rooms, raised last May from 6s. 6d.

(ii.) Painter's labourer, aged twenty-three. Unmarried. Earnings 26s. Four or five months out of work in last six months, eight in last twelve. Good references, both private and employer's. Two brothers unemployed. Has lately been out marching with the unemployed. Does not think it does his character much good, but makes about 1s. a day out of it. Stammers badly. Last employment,

one month up to September, 1905. Longest job, seven years up to December, 1904. Regular unskilled. Pays 12s. for board and lodging.

Class III.—(a) Bricklayer's labourer, aged forty-two. Wife and four children. Earnings in regular work 29s. 2d., in casual, 10s. Unemployment, in last six months, three months; in last twelve, four. Went hopping with family in summer. Owes £2 6s. rent. Three rooms at 6s. Longest job, two years up to 1902. Since then nothing has lasted much more than a month. Good physique. Has had a relief ticket from school. Wife earns 5s. charring. Character from employers, private references, and Garden City at Hitchin (where he worked last winter), good.

(b) Tailoress, aged fifty. Widow, with three married children. Earnings 5s. a week. Has been employed for twenty-five years by one firm for one day a week, and is still so employed. She is not, therefore, out of her normal condition. Lives with married daughter. Gets assistance from children. Good character.

Class IV. (i.) General labourer, aged sixty-three. Unmarried. Worked for G. E. Ry. eight years, up to 1897. Since then has done odd jobs at gardening, etc., earning about 4s. a week. One room at 2s. Owes 5s. A dirty, unkempt man. Willing to work, but past work. Good character.

(ii.) Gas and hot water fitter, aged forty-five. Unmarried. Out of work five months in the last six, and seven in the last twelve. Dismissed from ten months' job last May for drunkenness. Lives with brother. Pays 2s. 6d. for one room. Refused to give references. Obviously he is a man of bad character, who lives upon respectable relations.

Class IV. also includes those who are prevented by illness or accident from working. Those who are now in regular work, or who cannot be traced, or who refused information, or who are not independent wage-earners (*e.g.* wife) are *unclassified*.

So far the proportion of cases which fall in Class I. is very small, while that in Class III. is the largest.

Work for those who have been classified is already being provided on a farm colony, and on the draining and improving of Wanstead Flats.

So far as any schemes under this Act are concerned, the actual remedies proposed must be of a tentative and partial character; but in this borough, at any rate, a serious beginning has been made in the task of acquiring knowledge as to the character and range of the problem. It still remains to be seen

in the succeeding years how this information will indicate the best methods of solution, and what is the proper function of the State in the matter.

It is not the aim of this article to point out solutions of the problem of unemployment: these must be the outcome of time, thought, and collective wisdom. It does, however, seem well to call attention to certain outstanding features. In the first place, as has been stated, the situation seems more encouraging than it was a year ago. The immediate necessities are information as to the character and extent of the evil, and means for classifying its various elements. Both these things should be possible under the Act which has recently come into force. If the powers under that Act are efficiently and intelligently used, we shall be in a position to gauge the extent of unemployment and the character of the unemployed. This last is of paramount importance. Further, the abiding necessity of careful investigation will be secured, and the public prevented from squandering their money through channels which merely divert it from serving a useful purpose. It is encouraging to observe the almost universal opinion that the money raised by the Queen's Fund should be administered by means of this duly authorized machinery.

How far the new Act will prove to be adequate remains as yet to be seen. That further legislation will be needed seems to be clear, though its character and extent cannot be ascertained until the existing Act has had fair trial, and until the Poor Law Commission has accomplished its work. But this, at any rate, seems clear, that the question is one which is bound up with national life in its widest aspects—spiritual, moral, physical, and economic. It is one which cannot be divorced from or considered apart from reform in other directions—in matters of land tenure, housing, temperance, and education. Its increasing urgency ought to be a call to all workers to increase their efforts, and to unite in closer and more intelligent co-operation.

Of the many practical lines of reform, that of rural repopulation demands careful consideration. It ought to be possible to recreate healthy and happy country life by conditions which

would induce the people to stay on the land ; for, after all, the land is the only thing which is capable of supplying an unlimited and constant demand for labour under conditions of health—a thing which industrialism signally fails to do.

As regards those actually out of work, it must be made possible to regulate the market more effectually, and to provide an efficient system of labour bureaux and exchanges, so as to guard against men being subjected to the demoralization of unemployment. Men known as unemployables are obviously to be divided into two classes. Those who from the pressure of external circumstances have become unfit must be aided in every possible way to take their places once more as useful members of the community ; those who from moral causes have become unfit, and who evince no real desire to justify their existence as members of a community, should be subjected to a penal and strengthening discipline, which should aim at the recreation of character : in other words, the loafer must be sternly and adequately dealt with. But while urging this, I do so with some diffidence, being conscious of the injustice of a state of society which permits the existence of the idle loafer at the other end of the social scale. It is only the undeserved good fortune of circumstances which blinds the public eye to the harm which he does to the community. He, too, should share with his like-minded brother the benefit of chastening discipline.

Another aspect of this question has been the plea of those who demand the right to have work—a plea which has been vigorously opposed by most of those interested in the question. On the abstract question, I imagine that no one would seriously maintain the right of every man to have work provided, without effort on his own part to obtain it ; but one is bound to say that a social conscience which permits crying evils to exist as they still exist to-day, is thereby lending moral weight to the demand of those who honestly want work, and who demand the right to it from society.

I submit that this question of unemployment can never be adequately and successfully dealt with until its real importance

and its national significance are frankly acknowledged by men of all parties. It is one which should be lifted out of the arena of partisan strife. It is quite possible to argue the question on merely utilitarian grounds—to regard it as a menace to the community, and for that reason to appeal for a hearing. But here we may be met, and we are met, by the suggestion of the unscrupulous capitalist, that it is good from his point of view to have an unemployed problem. It is the old question of competition based on selfishness, as opposed to co-operation based on unselfishness. I urge that there are deeper principles underlying this evil to which appeal must be made—principles of justice, responsibility, wisdom, and knowledge. These should form a common platform on which all could meet. The mere appeal to pocket and sentiment is hopeless, indeed it has been proved times out of number to be pernicious. The question is one which demands justice; and justice is impossible without facts; and facts are meaningless without knowledge as to their causes, and wisdom to weigh them. We hear much to-day of the undisciplined, pleasure-loving, sordid life of the working classes; and it is in a large measure true. But it is discipline that is lacking throughout the whole nation—the discipline of unselfishness and of ideals, which would urge on the wealthy and successful their responsibilities and duties. The lack of knowledge that we deplore so much is due to a lack of interest and personal contact. It is this which is one of the most ominous tendencies in life to-day; and it is seen in the avoidance on the part of the rich of the surroundings, the life, and the welfare of the labouring classes from whom they derive their wealth; and among the waste products of the world none is so injurious to the community as the large and increasing class of persons who, though without great wealth, yet with leisure and independence, are content to follow self-centred and low aims, blinding their eyes to the work of social reform which is crying on all sides, not for money, not for sentiment, but for the sympathy of personal service.

For from this point of view, the now familiar sights of processions and demonstrations are but the visible expression of

hidden evils which far transcend the area of economic facts or economic laws: they are far more than the cry of the workless for work. They are but one among many of the warning notes, which from time to time remind the community that the elementary claims of justice and brotherhood and social responsibility are in peril. They are the cry articulate, though half informed and often unconscious, for the acknowledgment of the common claims of brotherhood. We want the wisest and best brains to face this question from the economic point of view; we make the legitimate and urgent demand for many who have leisure to enlist themselves in this task of social service; we urge the claim for that kind of sympathy from all classes, and not least from the working classes themselves, which will not be content with mere expression, but will be at pains to acquire knowledge of and contact with these problems, even at the cost of self-sacrifice and under the guidance of personal discipline.

As has already been stated, the nation has been roused, State machinery has been set in motion. But if the contentions here set forth are valid, the opportunity has become wider, the claim more urgent. Can we, on looking round to-day, point to elements of hope which will justify us in believing that that opportunity will be embraced, and that claim adequately responded to?

CHARLES W. ALINGTON.

NOTES AND MEMORANDA.

WORKMEN'S GARDENS.¹—We hear a good deal now about “garden cities.” There are also “city gardens.” And it is not quite easy to say which of the two is likely to prove the more useful in the long run. Certainly up to the present time the gardens have rendered the better service. The term “city gardens” really does not convey a full idea of what the movement of Jardins Ouvriers, which is now spreading in France and in Belgium, seeks to attain. By means of garden plots it aims at finding work for the unemployed, giving a better—that is, a more educational and productive and less demoralizing—form to charity, and training working men to the responsibilities and aspirations connected with the possession of property. And thus far it appears to have answered these purposes well, and to have given promise of more good work on a larger scale.

The movement began, after independent experiments extending over a considerable time past, in 1889, when a kind-hearted widow lady at Sedan, given to the distribution of alms, found that in helping a necessitous family of ten with doles, she was only pouring water into a sieve. Turning the matter over in her head, she hit upon this new device. She promised her *protégé* to deposit six francs to every three francs that he himself might put into the savings-bank once a month during a year. It was hard to persuade the man to do this, because he had become used to relying upon others, and harder still to keep him to his undertaking. However, Mme. Hervieu would not let him off. So at the end of the year there was 108 francs, a little more than £4! This, said Mme. Hervieu, we will put into a garden, and there you and your wife and children will work and raise vegetables and fruit to live on. Once more the man fought shy. Work was not at all what he wanted. However, needs must when the devil drives, and *à force de jardiner on devint jardinier*. Before the twelvemonth was out, our man and his family worked in that garden with a will, enjoyed the work, and took an interest in it, and within a few months not only did these whilom hopeless wastrels

¹ *L'Assistance par le Travail et les Jardins Ouvriers en France*. Par Marcel Lecoq. [384 pp. Large 8vo. 8 francs. Giard et Brière. Paris, 1906.]

produce in their garden all the nourishment that they themselves wanted, but had produce to sell for money as well. "Out of work" mendicity was rampant at Sedan at the time. So, acting upon Mme. Hervieu's experiment, good people joined together, and instead of giving away money uselessly in alms, they each subscribed sixty francs towards a common fund, and with the proceeds secured two plots of land, measuring between them 1400 square metres, which they parcelled out in twenty-one plots, and sublet to as many unemployed families, adapting the size of each to the number of the family. For throughout this movement large families are favoured, not only on grounds of justice, but also as an effective check to Malthusian tendencies prevailing in France. The first year's labour was exacting. For the summer was dry, and the land proved one vast tangle of couch. However, people persevered, and the balance-sheet showed 531.75 francs expended, and, as a return, 145 persons kept in food at a total expense of 3.67 francs a head per annum, or 30 centimes a month. Now, in ordinary charity, so says M. Lecoq, so paltry a sum would have been simply thrown away; and in "relief work" it would not have achieved much more.

No wonder the movement was taken up elsewhere. More particularly religious societies, such as the Société de Saint Vincent de Paul, espoused it warmly under the leadership of the well-known deputy Abbé Lemire and the Rev. J. Volpette. A special society was formed, bearing the name of La Ligue du Coin de Terre et du Foyer, and now there are garden settlements to be met with in all parts of France and Belgium. The Ligue soon held a national congress at Nancy, and, some time after, in 1903, an international one at Paris. The second international congress is to meet next October.

The idea, so it will be seen, is largely charitable. Good is to be done in an altruistic way. But that good is to be made educational and productive. Gardens are to be given also to young folk, to keep them away from the *estaminet* and out of mischief, to train them to willing work and to an interest in gardening and home life. In rural and semi-rural places the gardens are found useful. To the working folk in larger cities they prove a veritable boon. They keep them profitably employed in their off hours, link the family together, and provide, in addition to improved health and morals, very great enjoyment. For amid the vegetables an arbour or *tonnelle* is soon put up, in which families may enjoy the air during the genial season, and take their meals *al fresco*. In many cases a small house has been added. In many cases also the centre space is filled up with a bowling-green, where the men enjoy what in France is still a truly national

pastime. Of course, as time goes on, charity is made to drop out, and self-help takes its place. The gardens become self-supporting, and those who own and love them are found willing even to make sacrifices for their cherished possessions, working all the harder to be able to do so.

It will readily be seen what a very important part an institution like this may be made to play in the raising of the poorer classes. "Gardening," says Bacon, "is the purest of human pleasures; it is the greatest refreshment to the spirit of man." One would say that as hours of labour grow shorter, the more will workmen's gardens be needed to provide pleasurable enjoyment during off-hours. However, for the present at any rate, it is just in the industrial districts in the north of France, where the eight-hours day is held precious, that the movement prospers least, because the trade union leaders set their faces against even such "employment" beyond the regulation measure.

One can scarcely expect our British working men to take to gardens with arbours and *tonnelles*, out-of-door teas, and *al-fresco* meals with the zest and enjoyment exhibited by working men's families in France and Germany—say, for instance, in the East End of Berlin—in their suburban gardens. However, unquestionably there is room for a workmen's garden movement also among ourselves. In France it is valued just at present more particularly as a useful assistance, available when employment is scarce, as an improvement upon relief work, and not to be mentioned in the same breath with mere out-of-work charity.

In the book here noticed, M. Lecoq describes the movement up to date, and gives a very interesting history of relief to the unemployed in France. More particularly is he very full in his account of that lamentable aberration, *cette grande folie*, as Thiers called it, the creation of Ateliers Nationaux in 1848. At a time like the present, when "unemployment" has become a great national question, a movement such as that of the Jardins Ouvriers, intended, above all things, as a measure of economic and useful relief, is certainly worth considering.

HENRY W. WOLFF.

ETHICS AND ECONOMICS.—In looking over Lord Goschen's recently published *Essays and Addresses*,¹ one can scarcely help wondering

¹ *Essays and Addresses on Economic Questions* (1865-1893), with Introductory Notes (1905). By the Rt. Hon. Viscount Goschen. [ix., 354 pp. Demy 8vo. 15s. Arnold. London, 1905.]

why the author should have been led to include the two last papers in the collection. Both in tone and in substance they differ not a little from the other papers, which are, in every respect, admirable, and certainly most opportune. And without any justification given, they contain a substantial contradiction to the last preceding one, the excellent address on *Laissez faire*.

In the two papers referred to, Lord Goschen is at pains to draw a distinction between "the ethical man" and "the economic man," and to pit the one against the other, suggesting that "the economic man" must be everything that is good, and the "ethical"—who in turn becomes "the fire-kindler," "the emotionalist," and in the end the rank "impostor," guilty of "quackery"—everything that is bad. He is not very precise in explaining whom he means by "the ethical man." One cannot suppose that he really intends to put forward Prince Bismarck, whose compulsory workmen's insurance he not without reason denounces, as a typical "ethicist." Nor yet can one assume that he looks upon MM. Mabillean and Lourties, the active leaders of the non-compulsory movement in France, which he holds up to admiration, as typical "economic men"—seeing that all their *mutualité*, greatly "boomed" at the present time, is what Lord Goschen, in contradiction to his own recommendation, says that it should not be, namely, subsidized. Accordingly, he leaves one a little at sea—all the more because the evidence which he quotes (and which, since he requotes it after twelve years of lying by, it is only reasonable to suppose that he considers to be the best adducible) scarcely bears out his condemnation. So much, however, seems clear, that the "economic man" in this presentment stands for the "older" school of economists, to whom economics appear like an unchanging and unpitying *Μοῖρα*, which has to deal only with causes and effects, and rigorously banishes sentiment and aspirations, submitting everything to the *inexorable fatum*, and accepting a hecatomb of victims as a regrettable but necessary incident in the progress of the economic Juggernaut; and "the ethical man" for a more modern school, which mingles human feeling with economic rule, and labours to turn economics to account for the improvement of the world, the making smooth of rough places, and the raising of the neglected. The denunciation of the latter vividly recalls Bastiat's famous letter to Lamartine of just sixty years ago. Only the circumstances have entirely changed since then, and the issue has become totally different.

But let us hear what Lord Goschen has to adduce in condemnation of the "ethicist."

In the first place he quotes that supposed arch heresy, "socialist

ideas with regard to sharing profits,"—a method of remuneration which apparently he would have the world think mutinous workmen force upon unwilling employers, being backed in their demands by the truculent trade unionist, armed for the fray with his "corporate egotism," and exacting it whether "there are profits to share" or no. As a matter of fact, it is the employer who has invariably introduced profit-sharing, often enough in opposition to his workmen's inclinations;¹ and the socialists and trade unionists, for obvious reasons, will have none of it, or it would be far more general. It was distinctly as a countermove to trade union hostility—such as required barricading of his works and provisioning them for weeks—that Sir G. Livesey adopted profit-sharing. No doubt there are "ethical" motives in this practice. It is intended to raise the status of labour and make the workman what Messrs. Steinheil of Rothau have, with the approval of many thousands of employers and workmen, shown that he should be—an "equal ally" of the employer in production, not a mere instrument. But are there not also excellent "economics" in it? Employers assure us that they find their account in it. Sir G. Livesey's works have, by its means, secured for themselves a constant supply of contented labour, to be relied upon. That is a great boon as matters stand, and readily accounts for so many other gasworks following the example first set by the South Metropolitan. "You tell me that I am rich"—so said to me a leading French profit-sharer, retired from business, some twelve years ago. "Well, it is profit-sharing that has made me so. That has benefited my workmen and myself as well." "If my men would only economize material," so a large employer is reported to have observed to Robert Owen, "they might save me £4000 a year." "Then, why do not you offer them £2000 out of it?" was the natural retort. Present-day employers have learnt wisdom, and make such offer. Lord Goschen is altogether misinformed when suggesting that the absence of profits occasions trouble. That will occur. There is a notable instance of it now to be seen in the most perfect profit-sharing establishment existing, that of Messrs. Zeiss, of Jena. Whenever there are no profits there can, of course, be no sharing. The auditor's report establishes the fact, and the men, though naturally disappointed, acquiesce.

On employers' own showing, indeed, so far from occasioning trouble between employer and employed, profit-sharing has, like co-operative production, distinctly made for a better understanding. For it has

¹ See the very full account on profit-sharing in the present day, given in the *Official Report of the Fifth Congress of the International Co-operative Alliance*, 1902.

given the workmen a full insight into the risks of business, educated them to a better understanding of results, and made them, as employers say, "more reasonable in their demands, and more easy to be dealt with." In two respects, then, has it made for industrial peace, not in defiance of economics, but by perfecting it; and on this point Lord Goschen's attack upon "the ethical man" distinctly fails.

Let us look at his next count. There are only two in his indictment offered with any precision.

Speaking of working-men's insurance, compulsory and voluntary, he declares strongly in favour of the latter (of which our friendly societies' work offers an excellent example), and against the former, of which Prince Bismarck has supplied an instance (the shortcomings of part of which I have more than once ventured to point out in these pages, as elsewhere). As an example to be followed, Lord Goschen holds up the French insurance; as a precedent to be avoided, the German.

This charge is, from Lord Goschen's own point of view, and "the economic man's," as unfortunate as the former. To begin with, our author is not quite correct in his facts. The friendly societies and trade union movement is not altogether what he represents it to be. To leave history alone, the trade unions, which were friendly societies up to a very recent day, are not even now the mere fighting organizations which they are here represented to be. They still give provident benefits, and they alone of all organizations give out-of-work pay, as distinguished from strike pay, provided by pure self-help. This may be "ethical;" but it strikes me as more distinctly "economic" than the relief-works so generally practised, or a certain recently adopted Act of Parliament. In respect of France, likewise, Lord Goschen goes wrong. The prohibition of working-men's societies—"friendly" and other—did not originate with the second Empire, though the second Empire very freely enforced it, as did also, for the matter of that, Louis Philippe; it originated with the first Republic, which, on June 14-27, 1791, passed the law in question. The prohibition is contained in the second article.

Once more, the French friendly societies, held up to admiration by Lord Goschen, and for some time very popular and flourishing, are very largely subventioned, or they would not exist. What independent German societies there are, on the other hand, though here anathematized as un-"economic," and though in the main socialist—because in Germany only socialists have the pluck to stand up against the Government—offer an example of distinct self-reliance and self-help.

They receive not a penny of subvention, but, nevertheless, men connected with them assure me that in not a few instances they can afford to pay better benefits than the State Insurance Department which taxes employers. Then where does Lord Goschen find "economic" grounds for condemning them, and for praising the French subsidized *Sociétés de Secours Mutuel*? And what does he think of the French Workmen's Compensation Law?

The point about compulsion wants looking into a little more closely. No doubt the coercion of workmen to join with the State—that is, the taxpayer—and the employer to provide old age pensions and sick insurance is to be unreservedly condemned. Holding these views so strongly, I think, by the way, Lord Goschen ought, to be truly consistent, to support our Old Age Pension Committee,¹ which labours to keep out State aid and compulsion and to provide old age pensions by self-help. However, he here condemns compulsion a little too indiscriminately, and this is likely to be misunderstood. If he will read the evidence given before the Compensation for Injuries to Workmen Committee of 1903, he will find that practical, and not by any means un-"economic" men are fast coming round to the view which I have so long championed, that in matters of workmen's compensation there *must* be compulsion, as in Germany—that is, compulsion, not of the workman, but of the employer; and also compulsory insurance:—compulsion, or we shall not be able to depend upon all employers doing their duty by their men; and insurance, or we shall not be able to depend upon there being funds forthcoming when the compensation has to be paid. What is there in this that is un-"economic"?

The truth is that Lord Goschen in making this onslaught has ventured upon what to him evidently is not quite familiar ground, and has, moreover, altogether failed to distinguish between good and bad, and has accordingly "slain the righteous with the wicked" and condemned "ethics" where he meant to condemn only abuse of ethics. This is all the more astonishing, since in his excellent address on "*Laissez faire*" he has given the very best vindication of modern "ethical" economics that I remember to have come across.

The world, so he shows, has changed; it has "filled." There is less elbow-room, and accordingly more jostling of interests. It has become far more difficult to observe the good old common law maxim: "*Sic utere tuo ut alienum non lædas.*" The man who in the pursuance of his legitimate interest used to strike out freely right and left, as the Boer does in his unoccupied veldt, now finds himself hitting at every stroke against some other interest, which has as good a right to exist

¹ Denison House, Vauxhall Bridge Road, S.W.

as his own. Accordingly, though it takes some time to bring the justice of a change home to him—hence the discontent of the old “economists,”—in the common interest the community has to interfere. “*Alia vita, alia diæta.*” Barriers have to be set up, conduct has to be controlled, the weak have to be protected. In very old times London did altogether without police. To-day it finds a force of 18,000 none too large.

In the second place, so Lord Goschen urges, there has been a great “awakening of the public conscience.” People no longer consider it “economically” perfectly right to deal in slaves or command slave-ships, to send little children underground or into the factory, to over-work men and women, to treat workmen like beasts of burden. What is all this but “ethics,” one would like to know? And where does that offend against “economics”?

Without question unwarranted and unreasonable demands are made. There has, in truth, not been a time when there have not been such. It is asked that the taxpayer should be mulcted, and that what M. A. Dreyfus has called *la paupériculture* should be practised on a wholesale scale. However, the last epithet in the world that can rightly be applied to such demands, so it strikes me, is that of “ethical.” Lord Goschen’s wholesale denunciation will be read as condemning also those whose “ethics” take the shape of desiring to raise, as well as materially to benefit, the hitherto neglected; instructing them in self-reliance, while at the same time breaking down improper barriers which unduly separate class from class and man from man; preventing the “fat cattle” from “thrusting with side and with shoulder and fouling the residue with their feet,” but at the same time also training the “lean cattle” to provide for themselves by their own efforts.

This can scarcely be set down as bad “economics.” Economics, like everything else, must advance. Unprogressive economics stand self-condemned. And advance can only be in one direction, that of unifying the world, carrying fertility into hitherto neglected deserts, breaking down what M. Caillaux has very properly called modern industrial “feudalism,” and generally levelling up. With the “old” school and the “new” railing at each other, the world is for the moment perplexed as to which is right. Lord Goschen has not by his harangues made such perplexity less. The new world called into existence to redress the balance of the old has not yet made its position quite good, not yet obtained full recognition from the older school. Hence political economy is, as Lord Goschen has put it, for the time, “under a ban,” eclipsed, confused, not quite knowing in which direction to proceed. However, it is not correct to say that, under the influence of the new

school, economy has, as Lord Goschen suggests, been "relegated to another planet." Quite the reverse. Thanks to the modern school, it has, in the words of Mr. Gladstone—who certainly was an economist—been brought back from "Uranus and Saturn" to our own little planet with its flesh-and-blood population, and been made to adapt itself to their real and living wants.

In this confusion and perplexity, when Philo platonizes and Plato philonizes, and people do not quite know whom to follow, Lord Goschen might, with his great authority which imparts weight to his words, have performed a most valuable service by stepping in to guide with his "economic" proficiency, evidently accompanied also by "ethical" instincts, those whom "ethical" desires prompt to do something to improve the world and to make men something more of a common family, but who, amid a dissonant chorus of denunciations, do not quite know what guidance to follow. He has preferred to rail without specifying, and to condemn without clearly stating what it is that he condemns; and, to make bewilderment more bewildered, he has quoted instances of bad "economics," which certainly do not bear out his denunciation. This is to be regretted. It is, of course, not to be expected that the tide of economics stirred up by humane aspirations will obey the forbidding voice of a modern Canute. But there would be less damage done if the raging waves, instead of being further agitated, had been to some extent allayed.

HENRY W. WOLFF.

CO-PARTNERSHIP IN HOUSING.—The first annual meeting of the Copartnership Tenants' Housing Council was held on the estate of the Garden City Tenants Ltd., on July 25 last, and the movement for the establishment of co-partnership tenants' societies may, therefore, be said to have taken definite shape. The objects of the Council are to promote the erection, co-operative ownership, and administration of houses, by methods similar to those adopted by the Tenant Co-operators Ltd., and the Garden City Tenants Ltd., which, while avoiding the dangers that too frequently accompany the individual ownership of houses, and speculative building devoid of public spirit, harmonizes the interests of tenant and investor by an equitable use of the profit arising from the increase of values and the careful use of the property. A short account of the principles, methods, and scope of this new movement will doubtless be of interest to the readers of the *Economic Review*.

Next to land, house property offers the safest and most attractive opening for the investment of the savings of that portion of the

nation which cannot afford to take risks in highly speculative enterprises. The result is that, through building and friendly societies, insurance companies, and other methods of direct investment, a vast amount of capital belonging to all classes finds its way into this channel. To have a kind of property in the possession of which the million can participate without great risk is a distinct source of strength to the nation; and the more widespread the share in that possession becomes the better it will be. On the other hand, house property, next to land, is distinctly the kind of property that lends itself to being used, if the use be unregulated, in such a way as to produce injury of the most serious kind both to the community and to the individual. In most other businesses or industries no great harm is done, even if a man makes every factor serve his immediate interests and fortune; but in the case of house property it is of vital importance that the long view of things, as distinguished from the short view, should prevail.

In the laying out of an estate, the erection of houses on it, and the method of ownership after erection, it may be called good business if the capital gets rid of its risk in five years or so; but it becomes quite bad business if that capital is to remain for fifty years or longer.

For example: given land for a building estate near London at a reasonable price; if the long view of profits or value be taken, it is good business to provide reasonable gardens, certain open spaces for tennis, etc., and a good drainage system: to encourage the planting of trees, and the making of good roads, but *not* to create excessive ground-rents. It also pays to build the houses of sound material, and so designed as practically to ensure there being a permanent demand for them. Whereas, if the short view is taken, one can afford to be indifferent on most of these points.

Further, assuming that the estate has been laid out and built upon in a satisfactory way, it is the system of ownership and administration which determines whether the value of this good beginning is realized by the community. If sites and houses are sold to individual purchasers, the chances are that some of these will soon part with their property to undesirable people, who will use it in such a way as to frustrate all the good intentions of those who laid out the estate. If one or two houses in a street pass into the permanent ownership of undesirables, who rack-rent and otherwise misuse the property, the value of the whole street rapidly diminishes.

Again, even from the individual standpoint there is considerable room for improvement in the policy usually pursued, more particularly if the individual is a workman with very limited means. Many

workmen find it risky as well as expensive to try and buy the houses they live in on the usual individualistic plan. To deal first with the expense: one plot of land will cost more in proportion than fifty or one hundred plots. The legal expenses, the survey fees, and the building of the house, cost more in proportion. The interest to be paid, and the legal charges in connexion with the borrowing of the capital which a workman usually requires to enable him to build, are also proportionately heavy. This is because everything is done on a retail basis, and there are retail working expenses. Secondly, with regard to the risk. Large numbers of the best class of workmen in London have no certainty of permanent employment at one place. This often means that, after a man has partly bought his house by a comparatively expensive method, he is burdened with the expense of finding a tenant for it and collecting the rent, or else he must sell his interest at something considerably below what he has given for it. Many reformers, with these facts before them, conclude that the only other alternative is municipal building, because in this way you get the economy of wholesale dealing, you relieve the individual of risks, and you prevent the evils which arise from individual ownership. This reasoning, however, ignores the very important and good part that individual interest—using the term in its best sense—plays in the management and use of house property, and the educational value to the individual and the community of enlisting the same in our large towns: the active interest of the individual tenant in the economical administration of house property is worth at least 1 per cent. on the capital value.

The problem, then, seems to be to get the driving force and stimulus to economy and education which always arises from a sense of individual ownership, combined with safeguards to prevent this ownership expressing itself in an anti-social direction. The advocates of co-partnership tenant societies believe that such societies will meet the situation better than anything yet suggested.

That in these societies a workman can obtain practically all the economic advantages which would arise from the ownership of his own house will be gathered from the following. Capital for the society is obtained at a rate below which the individual could not possibly borrow to buy his own home; he would almost certainly pay interest higher by $\frac{1}{2}$ per cent. to 1 per cent. After interest on capital has been paid, and the usual fixed charges have been met, any surplus profit is placed to the credit of the tenant shareholders as shares in the society, in proportion to the rents they have paid, until the value of the house is acquired in shares, after which the profit may be withdrawn

in cash. It seems clear that if the preliminary expenses, such as legal and survey fees, and the interest on capital to be paid out of the revenue from rent, are less under this system, and if the tenant shareholder pays as rent what under the other system would go as repayment in instalments, then the margin or surplus which can go towards building up the capital fund must be greater. By taking as his security scrip for shares in an association of tenant owners, instead of a deed of a particular site and house, the tenant averages the risk of removal with his co-partners in the tenancy of the estate. The value of his accumulated savings is therefore kept up, and can be transferred, if desired, without the waste that accompanies the transfer of a deed. The results of a workman's thrift are in this way made mobile as well as his labour; and this is important if he is to get the maximum economic result from his knowledge and industry.

Further, tenants having a substantial share in the capital of the society administering the property, are interested not only in securing good results whilst they are tenants, but also, after they cease to be tenants, in keeping up the permanent value of their capital.

The Tenant Co-operators Ltd. was the first registered society making partnership arrangements with its tenants. Established in 1888 it has acquired property to the value of £28,999. After meeting all fixed charges, and creating a repairs reserve fund of about £3000, and paying 4 per cent. on capital, it has usually been able to allocate a dividend to tenants on rents.

The Ealing Tenants Ltd. was the next society to be registered. Established in the spring of 1901, it has, according to the balance-sheet for half-year ending June, 1905, property to the value of £32,347. The following figures illustrate its progress :—

	Members.	Share capital.	Loan stock.	Property.
		£	£	£
January 1, 1903	59	1442	2366	10,237
July 1, 1904	83	2580	3915	17,308
January 1, 1905	100	3034	4905	21,463
July 1, 1905	128	4048	7642	26,840
December, 1905	140	5157	8273	32,347
	150 ¹	6000 ¹	8600 ¹	36,000 ¹

The rules of the Ealing Tenants Ltd. differ in one or two important points from those of the parent society. For example, in the Tenant Co-operators Ltd. a tenant shareholder is only bound to take up a £1 share. In the Ealing Tenants Ltd. he must take up one £10 share,

¹ Approximate.

paying £5 down, and must continue to pay instalments until his fully-paid share capital stands at £50. Again, every member of the committee of the Ealing Tenants Ltd. must hold in paid-up shares £10 for each £1000 of paid-up share capital, until the total amount of fully paid shares in the society reaches £5000. This ensures that each member of the committee will have a substantial minimum sum at stake, and will feel the responsibility of administration. The property of the Ealing tenants, unlike that of the Tenant Co-operators, is on one estate, which makes the organization of social life more possible. On the Ealing estate a library, a choral society, cricket and other clubs, and a discussion class have been organized by the tenant shareholders, and lectures are arranged from time to time. This society, after meeting all fixed charges and paying 5 per cent. on shares and $4\frac{1}{2}$ per cent. on loan stock, realized a fair profit on the working of the last half-year ; but it has been decided to carry this to the reserve fund for the present. The society has purchased an adjoining estate, which will enable a much larger number of houses to be erected, bringing the total up to about three hundred.

The Sevenoaks Tenants Ltd. has made a start, and has built twenty-four houses on the first site ; a second site has been secured and building begun.

The Garden City Tenants Ltd. has leased land for about a hundred and twenty houses, and is pushing forward their erection. The first group of houses is built in an attractive manner round a village green. Building has been started on the second and third estates, and it is intended to build about a hundred houses in the next eighteen months.

The following figures show the progress of this movement up to date :—

	Established.	Capital at start.	Present capital.	Present value of property.
		£	£	£
Tenant Co-operators Ltd.	1888	500	12,903	28,680
Ealing Tenants Ltd.	1901	300	14,600	36,000
Sevenoaks Tenants Ltd.	1903	800	2,000	6,000
Anchor Tenants Leicester Ltd. ..	1903	—	350	—
Garden City Tenants Ltd.	1905	825	4,000	4,000
Beacon Hill Builders (Hindhead) Ltd.	1905	—	—	—
Bromley (Kent) Tenants Ltd. ¹ ..	1905	—	—	—

What of the future ? Garden cities are most discussed just now ; and yet for every opportunity to found a garden city, there are a

¹ Is being registered.

thousand opportunities to form garden villages. As will be seen from the above illustrations, a tenant owners' society, to administer a garden village, can make a start with very small resources.

Why should they not multiply rapidly? Cheap transit is now enabling the people to travel quickly from the centre of our towns into the suburbs: tenant societies might well be started to share in the development of these suburbs, and thus raise the whole tone of speculative building. The system upon which such societies are worked is a comparatively simple one, and, with a central organization to mould societies and guide them in their infancy, their number should rapidly increase.

It is no exaggeration to say that millions of capital belonging to working-class organization and private individuals will flow rapidly into this channel when once the movement is thoroughly established and its commercial soundness is recognized.

In order that the experience gained by one society may be taken advantage of by another, a central body, the Co-partnership Tenants' Housing Council, has been established in connexion with the movement. Information as to the cost of production of different kinds of houses can thus be centralized, and taken advantage of by each new society. Different designs of houses and the particulars of internal arrangements can also become the common property of the movement. Each of the existing tenants' societies has a representative on the executive of this council, and the honorary secretary, Miss Sybella Gurney, of 22 Red Lion Square, London, W.C., will be pleased to give further information as to the movement, either to possible investors, or to those desiring to establish societies in their own districts.

HENRY VIVIAN.

LAND SETTLEMENT IN PRUSSIA.—We are at the present time keeping our eyes very much upon Germany. We are trying to learn from that country how to deal with our poor and our technical education; whilst some people would adopt German old age pensions and some the German fiscal policy. We might, perhaps, do worse than take a lesson from the Germans in land settlement. For nearly fifteen years a method of land settlement has been in use in Prussia, which has found land for thousands of small tenants, given vendors a good price for their properties, added greatly to the wealth of the country, and cost the State nothing. With a very small exception—attributable to bad management—the purchasers are doing very well, and everybody is satisfied.

The system adopted is a very useful one grafted upon or copied from
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one that appears exceedingly reprehensible. About twenty years ago the Prussian Government wanted to get rid of the Polish proprietors, who are malcontent patriots, and to put manageable German peasantry in their place ; to accomplish this it obtained from its Parliament very large grants of money. However, the more money it paid—generally “through the nose,” as the chairman of the Commission entrusted with the work has owned to me—the better off the Polish vendors proved to be. They got rid of heavy encumbrances on their old estates and started afresh with plenty of cash in hand on new ventures. Many of the newly settled peasant families became Poles through the male unmarried settlers marrying Polish women ; and it has been observed that the children in such cases always take after the mother. Nevertheless, the Government continues to pursue its costly policy, complaining all the time that the Poles multiply “like rabbits” and the Germans only “like hares.”

However, there was one good feature about the policy. Settled with proper discrimination on holdings previously put into good condition (the question of buildings was generally left to the settlers), the new owners, who came from all parts of the “fatherland,” and even from Switzerland, did well. The spade and the hoe earned profits where the plough and the harrow could not. Consequently, the Prussian Government revived an ancient institution originally introduced by Stein, but since allowed to fall into disuse, and by two laws passed in 1890 and 1891 appointed “General Commissions,” generally speaking for two provinces each, to buy up land by voluntary contract, and cut up large properties into small holdings with a view to settling peasantry upon them without distinction of nationality. The president of the General Commission of Posen and Western Prussia informed me, twelve years ago, that the Poles really make better settlers than the Germans. The vendor landowner is requested to find the purchasers himself, agree with them as to price, and map out the holdings. Then, if he will submit to the jurisdiction of the General Commission and observe its precepts, he can have the whole transfer—survey, law costs, and all—carried out at a nominal sum. However, the Commission will see that the new holdings are all well laid out and suitable for occupation by peasant owners, that there are roads, that there is water, that there is a school and a church near, and that the holdings are sufficiently compact. I have seen a property on which the vendor proprietor, after agreeing with his purchaser, had to lay out £1000 more to satisfy the General Commission. The vendors like selling to the General Commission, because, however exacting it may be, such sale nevertheless secures them a better price than they

would obtain in the open market ; for they could not cut up their property so as to satisfy the incoming purchaser, at any rate with anything like the same convenience, in any other way ; and to sell it in bulk would mean a lower price. So it comes about that they receive more than they otherwise would ; and nevertheless the purchasers buy, without exception, at less than a fair valuation.

The General Commission pays the vendor in land bonds, issued by the *rentenbank* of the district, which are guaranteed by the Government, and are quoted about par. To some extent the transfer has in the first instance to be independently financed. But that does not need a large capital, since most of what is wanted can be obtained by loan from the State at $3\frac{1}{2}$ per cent. Thus the Pomeranian *Ansiedelungsgesellschaft*, which was formed by the most active of all heads of General Commissions, President Metz, and which does very useful work in its own province, disposes of only about £10,000. A "Land Bank" created at Berlin (for the whole monarchy) has only a slightly larger capital. These institutions are bound down by their rules to pay only a limited rate of interest on capital.

At the outset the Government authorized the employment of State credit or capital only for the creation of holdings sufficient in size to maintain a family confining its work to the cultivation of that holding. Only in very few instances was the creation of allotments to working folk authorized. Yet even so the results were decidedly satisfactory. The yield of produce and the yield of taxes increased largely, the flow of emigration was stayed and depopulation was turned into an increase of population ; there was more live stock kept and it proved more remunerative ; indebtedness, of course, became very much less, and prosperous villages sprang up where there had been large and often enough neglected properties.

However, such progress led the large proprietors and farmers to complain. The new settlers, so it turned out, were only in too many cases their own best labourers. To conciliate opponents the Government authorized the extension of the employment of State machinery and credit to small holdings, generally speaking of about five acres. Five acres will not in that country support a family. But it is magnificent help to a family whose adult members "go to work" on the large farms. And the large proprietors and farmers are now satisfied.

As appears from a return placed at my disposal by President Metz, covering the period from July 7, 1891, to December 31, 1904, 1212 large properties were dealt with during that time, representing a total area of about 640,000 acres, of which about 294,477 acres were cut up into small holdings, numbering 10,299 in all. Part of the

estate, sufficient to turn to account the old farm buildings, is, as a rule, disposed of as a medium property. Of the 10,299 holdings, there were 805 under $6\frac{1}{2}$ acres, 1926 of from $6\frac{1}{2}$ to $12\frac{1}{2}$ acres, 1850 of $12\frac{1}{2}$ to $18\frac{1}{2}$ acres, 1434 of $18\frac{1}{2}$ to 25 acres, 3353 of 25 to $62\frac{1}{2}$ acres, 941 of more than $62\frac{1}{2}$ acres. The mean figure of the value per acre, according to a fair valuation, is shown to be 305 marks (£15 5s. 0d.), the mean purchasing price for the settler only 296.50 marks (£14 16s. 6d.). In no case did the purchasing price exceed the valuation.

As an instance of the beneficial effect of this division and settlement, the published Report quotes the case of a property in Pomerania, of which the soil is good enough to be let at an annual rate of 21s. an acre (which is much in those parts). That includes repayment of the principal in $60\frac{1}{2}$ years, for which term the land bonds run. The property comprises 705 acres of land, of which all except 175 acres, divided into 8 holdings, was formerly owned and farmed by one proprietor. The population was 95; the live stock kept was 36 cows, 11 calves, 1 bull, 20 horses, 40 pigs, 53 fowls. The owner of the large holding or his tenant, could not make both ends meet. The property had accordingly changed hands no less than fourteen times since 1878. The area is now divided into thirty holdings, the owners of all of which are doing well. A regular parish has been formed, with about 15 acres of common land. The population has grown to 130; and the live stock has increased to 111 cows, 17 calves, 3 bulls, 43 horses, 356 pigs, and 608 fowls. The yield of grain of all sorts has increased enormously; that of hay has more than doubled; and eight bushels of potatoes are now dug up in the place of one. The yield from live stock has sextupled. The entire yield from produce has grown from 25,035 to 69,299 marks. The improvement is still more marked where the land has been cut up into really small holdings for working folk.

Results similar to those quoted are reported from every district where small holdings have been formed in the way described. Population has doubled, or more than doubled. On an average, the number of live stock has doubled, but that of pigs and fowls has increased four and sixfold. After a momentary lull the movement is once more actively in progress, varying in proportion to the skill and zeal put into the work by the local administration. Thus President Metz, whose district is by far the most active, writes to me that in that district, embracing Brandenburg and Pomerania, he has since last April dealt with 349 properties measuring over 13,900 acres.

One cannot help thinking that something of the same sort might prove useful in this country. We are advancing £100,000,000 and

giving away £12,000,000 in the bargain to settle Irish tenants and convert them into freeholders. But except for such individual efforts as are made by Lord Carrington, and on a much smaller scale by Major Poore and Sir R. Edgecumbe, we neglect our English material for a sturdy peasantry, whose labour would probably do much more to set national agriculture on its legs again than the 2s. duty on corn, on which old-fashioned champions of agriculture have fixed their hopes, or any similar make-believe remedy.

HENRY W. WOLFF.

STATISTICAL NOTES.—*Treasury Returns:* (i.) *British.*—The national revenue to November 25, 1905, exhibits gratifying stability. The receipts from excise constitute the only item in which there is a serious diminution of income. The income from this source is £20,078,000, as against £20,540,000 for 1904, or a falling off of about £500,000. The total revenue from all sources to date is, however, only £323,374 less than 1904–5, notwithstanding the estimated loss to the Exchequer of nearly £2,000,000 by the remission of the 2d. duty on tea. The other side of the account is equally promising, the expenditure to date being considerably below that of 1904–5. The total figures to date show that large remissions of taxation may be anticipated in the next Budget.

(ii.) *The United States.*—The deficit in the Washington Treasury continues. The expenditures for the first four months of the American financial year (July to October), 1905–6, exceeded the receipts by \$14,431,549. This is a little better than the same four months in 1904–5, when the deficit amounted to over \$21,800,000.

Comparative International Trade: (i.) *America.*—The United Kingdom still maintains its position as the leading nation in international trade. The American figures are to hand for the ten months ending October 31st, and show the following comparisons with the United Kingdom:—

IMPORTS (10 months, ending October, 1905).

			United Kingdom.				United States.
			£				£
1903	..	..	382,973,000	..	..	..	175,149,000
1904	..	..	389,707,000	..	..	..	175,869,000
1905	..	..	395,051,000	..	..	..	204,164,000

EXPORTS.

1903	..	..	243,240,000	..	..	..	234,617,000
1904	..	..	246,632,000	..	..	..	234,561,000
1905	..	..	271,763,000	..	..	..	257,009,000

(ii.) *Germany*.—The German figures are only published quarterly, and so are not available beyond September.

IMPORTS (9 months, ending September, 1905).

			United Kingdom.				Germany.
			£				£
1903	..	..	341,688,000	..	..	..	220,378,000
1904	..	..	345,858,000	..	..	..	230,590,000
1905	..	..	352,633,000	..	..	..	243,579,000

EXPORTS.

1903	..	..	217,379,000	..	..	..	184,161,000
1904	..	..	221,189,000	..	..	..	189,161,000
1905	..	..	242,396,000	..	..	..	201,297,000

Wheat: (i.) General Position.—Statistics are now to hand for the first twenty weeks of the cereal year. Russia, notwithstanding her severe internal anxieties, still maintains the lead as the chief wheat-exporting country, the total export having been 77,760,000 bushels. The Danubian provinces are also doing well, and Argentina shows a large increase. On the other hand, the Indian export has diminished from 34,464,000 bushels to 17,184,000 bushels, and the Australian export from 10,208,000 to 4,376,000. These figures lend support to the view that the imperial sources of wheat supply are of a precarious and unreliable character.

(ii.) *British Position*.—The present chief sources of the British wheat supply are shown by the following table :—

SOURCES OF BRITISH WHEAT SUPPLY (1905).

(10 months, to October 31, 1905.)

							Cwts.
The Argentine Republic	..	..	..	..	..	..	21,399,400
British India	..	..	..	..	..	..	21,097,000
Russia	..	..	..	..	..	..	21,089,800
Australia	..	..	..	..	..	..	9,755,700
Canada	..	..	..	..	..	..	3,882,930
United States	..	..	..	..	..	..	3,819,300

(iii.) *British Consumption*.—The following comparison of the first thirteen weeks of the British harvest year to November 25, 1904, shows the great increase in home-grown wheat. The total sales show a slight increase over 1904—

BRITISH CONSUMPTION OF WHEAT.

					1904-5.	1905-6.
					cwts.	cwts.
Foreign imports to November 25, 1905	..				31,858,800	25,995,600
Home supplies	..	..	..	..	7,012,000	12,999,500
Thirteen weeks consumption	..	..	..	..	38,870,800	38,995,100

Stock of Raw Cotton in United Kingdom on November 24, 1905, exceeds the stock on November 24, 1904, by 234,790 bales. A bale of cotton at present prices (6·17*d.* per pound) is worth, roughly, £13. Prices are tending to rise.

Prices of Sugar.—The conditions being no longer favourable for the continuance of the cornering operations, cane sugar has fallen to 7*s.* 3*d.* per cwt., and beet to 8*s.* 3*d.* per cwt. These are nearly normal rates.

British Prices Generally.—The general level of prices is high, the *Economist's* Index number at the end of November, 1905, being 2277, which the *Economist* states is the highest figure of any recent year.¹

British Exports of Manufactured Goods.—The total increase in the eleven months ending November, 1905, over the same period in 1904, is no less than £28,625,510. There is an increase in every one of the fourteen items under which the exports are classified, except in the manufactures of wood, where there is a decrease of £42,752.

British Unemployed Returns.—The trade union percentage of unemployed at the end of November is low for the time of year, i.e. 4·7 per cent., as against 7·0 per cent. at the same period in 1904.

Work at the Docks.—The average number of labourers employed at the London docks per day in November, 1905, was 12,446, as against 12,877 for November, 1904.

Seamen Shipped.—The number of seamen shipped during the eleven months to November, 1905, was 408,194, as against 400,749 for 1904—an increase of 7445.

Price of Bread.—Reduced by $\frac{1}{4}$ *d.* per 4-lb. loaf in Bristol and the Potteries, and by $\frac{1}{4}$ *d.* per 4-lb. loaf in London. The London price is now $\frac{1}{4}$ *d.* per 4-lb. loaf lower than in 1904.

Railway Goods Traffic.—To October 28, 1905, there has been a net increase of £188,510 over 1904. The growing improvement in the situation is evidenced from the returns for the month of October alone, which show a total net increase of £190,523 over October, 1904.

Bankers' Clearings.—The aggregate amount of bills and cheques cleared in the British bankers' clearing houses to November 29, 1905, amounts to £11,127 millions sterling, as compared with £9599 millions

¹ Dec. 26.—The London *Economist* Index number has again risen, to 2342. This figure is very high; the cause of the rise lies in sharp advances of raw materials, chiefly metals. The food prices remain at the same level, or slightly lower than the corresponding prices at the end of 1904. There is, therefore, no cause for immediate disquietude, though any further rise in metals may tend to hamper British exports to neutral markets.

sterling for the equivalent period in 1904. The increase in 1905 has been £1527 millions sterling, or 15·91 per cent. over 1904.

Price of Consols on November 29, 1905, was 90, as compared with 88 on November 30, 1904.

General Statistical Position: (i.) British.—The foregoing returns indicate the dawn of a period of great prosperity. The only cloud on the tariff horizon has been cleared away by the decision of the German Reichstag, which on December 13, 1905, resolved by an overwhelming majority to extend "most-favoured nation" treatment to the United Kingdom until December 1, 1907.

(ii.) *American.*—The trade returns of the United States do not show quite that amount of elasticity that might reasonably be expected, and the continued deficit in the Washington Treasury, though relatively unimportant, is the cause of some comment. The American Index numbers of prices of commodities are moreover rising at a more rapid rate than the British Index numbers, though it is claimed that the American wage unit is increasing nearly at the same rate as the retail prices of food. The denunciation of the German Commercial Treaty by the German Ambassador at Washington on November 30, 1905, was not generally anticipated, but it is regarded as the prelude to an attempt to arrive at a provisional agreement to avoid the disaster of a German-American tariff war. Some doubt, however, is felt as to the attitude of the Washington Senate, which is known to hold views adverse to a reciprocal policy. The new prohibitory German tariff comes into operation on March 1, 1906.

OWEN FLEMING.

LEGISLATION, PARLIAMENTARY INQUIRIES, AND OFFICIAL RETURNS.

THE *Unemployed Workmen Act*, 1905 (5 Edw. 7, ch. 18), and the *Local Government Board's Statutory Rules and Orders* (No. 1034 of 1905) add still further to the numerous local bodies which, one is almost tempted to say, cumber the land. The setting up of definite machinery to carry out a very ill-defined task can only be useful as an acknowledgment that the task is waiting for exact definition and careful execution. So many changes have taken place since the Act was passed that any criticism of it would be futile. The nation is apparently inclined to take up the enormous problem of the unemployed, but so far there has been practically no attempt to lay down the lines upon which the solution is to be attempted. We are halting between the governmental organization of charity on the one hand, and a recognition of some perfectly clear but unpalatable truths on the other. Sub-section 3 of section 1 of the Act limits the operations of the distress committees to applicants who are honestly desirous of obtaining work, but are temporarily unable to do so from exceptional circumstances over which they have no control. This implies discrimination and classification according to character, and the Act only attempts to alleviate the lot of those who stand the test by erecting an administrative machinery which may find some of them some work. The probability is that the attempt to aid this limited class will force us back on drastic dealings with the larger class who do not stand the test. The regimentation of the unfit is a serious task, but it is the logical corollary of the present Act, tentative as it is.

The *Report on Changes in Rates of Wages and Hours of Labour in 1904* (Cd. 2674, 138 pp., 7d.) shows that the downward tendency which was first noticed in 1901 has continued to the middle of 1905. In 1904, 800,658 workpeople (i.e. 8·8 per cent. of the industrial population) suffered a net decrease of £39,230 per week. Calculating the effect of each wage-change from the date at which it took effect to the end of the year, the aggregate decrease due to these changes was

£938,000. There is much difficulty in interpreting these figures. Certain trades are apt to dominate the results ; *e.g.* in 1904, coalmining accounts for 658,390 of the workpeople, and £31,294 of the decrease. On the other hand, it is difficult to suppose that only 68 workpeople in London, exclusive of employees of public authorities, underwent changes in wage-rates even in the technical meaning of the Report. But the persistence of the downward tendency must be accepted as symptomatic of a general industrial depression, which synchronizes with a very marked inflation of our export trade in a manner that must be sufficiently perplexing to those who regard exports of manufactured goods as the main test of national well-being.

For the first time this, the twelfth, report in this series records a fall in wages in the building trades. The figures are—

Year.	Number of workpeople affected.	Net amount of increase (+) or decrease (–) per week as compared with each preceding year.
1895	24,431	+ 2066 11
1896	88,946	+ 9140 15
1897	83,219	+ 8832 15
1898	74,725	+ 7739 0
1899	66,242	+ 6640 3
1900	78,600	+ 6640 7
1901	39,687	+ 1943 5
1902	15,575	+ 925 12
1903	4,638	+ 304 9
1904	10,829	– 884 9

The change is trifling, but it is a term in a descending series ; moreover, the mean percentage of carpenters and plumbers unemployed, as returned by their unions, was 7·6 as compared with 4·9 in 1903, 4·3 in 1902, and 3·0 the mean for the eleven years 1893–1903.

The *Report of the Departmental Committee on the Fruit Industry of Great Britain* (Cd. 2589, 39 pp., 4½d.), is an interesting and important document. Why people should be eating Tasmanian apples when fruit at any rate as good can be grown at their own doors is one of those things which the uninitiated find it hard to understand. Still, matters are improving even under present conditions. “In fact,” says the Report, “the development of the fruit industry has come to the assistance of the farmer most opportunely in some parts of England, notably in Kent, Middlesex, Worcestershire, and Cambridgeshire ; and, as more than one witness pointed out, much land which previously grew wheat is now planted with fruit.” The following figures indicate the extent of the change :—

Crop.	1888 (unless otherwise dated).	1904.	Increase (+) or decrease (−) per cent.
	Acres.	Acres.	
Orchard	148,221 (1873)	243,008	+ 63·9
Small fruit	69,792	77,947	+ 11·7
Corn	8,187,758	6,953,034	− 15·0
Green crops	3,471,861	3,036,026	− 12·5
Hops	58,494	47,799	− 18·2

The increase in the acreage under fruit-crops is due to a growth of taste for fruit and for fruit-products, *e.g.* jam. The demand keeps pace with the supply, and therefore the industry affords a safe investment for those who understand it. There is a well-known Ciceronian tag regarding the conduct of the good husbandman in planting fruit-trees, which partly explains why the industry does not grow so rapidly as could be wished. The orchards planted in the seventeenth century are now rapidly becoming worn-out, and under present conditions no interest in the soil is sufficiently stable to lead to their replacement. Landlords, we are told—to our shame be it said,—object to the change of crops because of the inconvenience of meeting claims for compensation for improvements, and the committee have the hardihood to suggest that the State should loan them money when necessary, in order that their objections to the change may be obviated. Another suggestion is that the “Evesham custom” should be turned into law. Under this custom the outgoing tenant finds an incoming substitute whom the landlord accepts, and the bargain for compensation is made irrespective of the landlord. If the latter objects to the proposed substitute he has to compensate the outgoing tenant. Still further, the committee suggest legislation to promote small holdings, on the lines of Mr. Jesse Collings’ Bill. As another committee is investigating the subject of railway rates, the Report says little about them, except to point out that in some cases they are not unreasonable. The Great Western Railway carries 24 lbs. of fruit 100 to 200 miles at $\frac{1}{2}d.$ per lb., 5 cwts. at $\frac{1}{3}d.$, and 10 cwts. at $\frac{3}{10}d.$ —terms on which the late general manager thought they worked without profit. On the whole the Report is calculated to arouse hopefulness and a desire to see the fruit industry make great strides. This industry repopulates parishes at a rapid rate, 50 acres of fruit requiring as much continuous labour as 1000 of corn, besides the extra labour of picking and marketing; and witnesses noted that the labour was of a kind which tended to promote the intelligence of the labourers.

A very useful mass of information on income taxes is being accumulated in recent blue books. The *Return relating to the Income*

Tax (Commons Paper, No. 179 of 1905, 7 pp., 1*d.*) gives the yield of the tax for the years ending April 5, 1902 and 1903. In the former year the tax was 1*s.* 2*d.* in the £, in the latter 1*s.* 3*d.* The following table distinguishes the yield of each schedule of the tax :—

Year.	Country.	Schedule A.	Schedule B.	Schedule C.	Schedule D.	Schedule E.	Total.
		£	£	£	£	£	£
1902	England and Wales	8,603,098	233,468	2,544,130	21,293,777	2,711,485	35,385,958
	Scotland	1,008,264	39,634	—	2,514,585	202,723	3,765,206
	Ireland	662,744	42,758	39,734	573,502	115,645	1,434,023
1903	England and Wales	9,292,881	241,604	2,389,019	22,969,784	2,972,745	38,316,033
	Scotland	1,091,622	41,642	—	2,663,669	225,141	4,022,074
	Ireland	701,017	44,942	43,570	607,291	127,579	1,524,399

The addition of the penny in the £ should have increased the yield of the tax 7·1 per cent., not allowing for increase of incomes. The actual increase was 8·5 per cent. in England and Wales, 6·8 per cent. in Scotland, and 6·3 per cent. in Ireland. Perhaps the more than anticipated yield in England and Wales was due to greater stringency in collection.

The collection of the income tax has been the subject of an inquiry by a departmental committee, which has issued a *Report* (Cd. 2575, 25 pp., 3*d.*) and an *Appendix . . . with Minutes of Evidence* (Cd. 2576, 216 pp., 1*s.* 10*d.*). The committee was charged to report on necessary changes and possible improvements, statutory or administrative, in the existing income tax system. They agree that no drastic alterations are necessary ; “the tax appears, on the whole, to be levied with a minimum of friction and a maximum of result.” There are three important points to be considered : (i.) The checking of evasion ; (ii.) Deductions from taxable profits on account of wear and tear of machinery and plant ; (iii.) The system of averages. With regard to evasion, it is satisfactory to learn that under four schedules, A, B, C, and E, evasion is impossible ; while under D, only 150 millions of income out of 500 millions afford scope for it. Unfortunately there is no means of guessing to what extent this 150 millions would be swollen if every taxpayer became rigidly honest in filling in his form, but very good reason for believing that the excess would be very considerable. The committee recommend (1) the exaction of penalties for not returning forms, one-third of which are never returned ; (2) much stricter prosecution of persons making false returns, including the exposure of gross offenders ; (3) a longer

period, three years instead of one, during which proved arrears may be collected; (4) compulsory returns from all employers of salaries of employees. Under this last head it may be noted with what ease and exactitude the authorities obtain all the income tax due from employees under certain great administrative bodies which volunteer the necessary information, *e.g.* the late School Board for London. Certainly the law ought to make it, for as many as possible, difficult to be dishonest. (ii.) Deductions from taxable profits on account of wear and tear of plant are made on no settled principle; hence, as owners of machinery are finding out that such deductions are made when claimed, the amount claimed is rapidly increasing. In 1893-4 it was £4,109,207; in 1898-9, £7,094,184; in 1902-3, £12,707,580. A definite code of rules for making such deductions is urgently needed. (iii.) Profits and professional incomes are taxed for each year on an average of the three preceding years, but if the taxpayer prefers it he can make the current year the last of the three on which the average is to be struck. Sir F. C. Gore handed in a striking memorandum showing how this system works. Suppose five firms, A, B, C, D, E, in the years 1900-03, each make an aggregate profit of £30,000, giving an average of £10,000 as the basis for the tax for 1903-04, but decide to pay on the average of 1901-04, the following results might easily occur in practice:—

Firm.	Profits.				Average of columns 1 to 3.	Average of columns 2 to 4.	Firms gain the tax on
	(1) 1900-1.	(2) 1901-2.	(3) 1902-3.	(4) 1903-4.			
	£	£	£	£	£	£	£
A ..	15,000	5,000	10,000	5,000	10,000	6,666	3,333
B ..	5,000	15,000	10,000	5,000	10,000	10,000	0
C ..	7,500	10,000	12,500	5,000	10,000	9,166	833
D ..	10,000	7,500	12,500	5,000	10,000	8,333	1,666
E ..	6,000	12,000	12,000	5,000	10,000	9,666	333

Of course, if either system was adopted without exception, the revenue would suffer no loss, as the taxpayer would simply smooth out the curve which represents his tax through a series of years. Sir F. C. Gore recommends that the tax for each year shall be paid on the income of the preceding year; but it would be no detriment to the revenue, and probably a gain to the taxpayer, to retain the three-year average. The revenue would and ought to gain by not allowing the taxpayer a choice which he only uses when advantageous to himself.

The information on graduated income taxes given in the October

number of the *Economic Review* (pp. 481–484) may be supplemented by two House of Commons Papers on *Graduated Income Taxes in British Colonies* (Commons Papers, No. 196, 97 pp., 10*d.*, and No. 282, 71 pp., 7*d.*). The institution of the United States of Australia involved the transference to the Commonwealth Government of the right to levy customs duties, and this threw the various component states back on other forms of taxation. The second of the above papers is devoted to the direct taxation imposed by the legislature of Tasmania. There is first an income tax proper, levied only at a statutory rate of 1*s.* in the £ on incomes derived by individuals from landed property and dividends, and by companies from trade profits. The complementary tax is called a “non-inquisitorial tax on ability;” the full title of the Act under which it is levied runs: “An Act to levy a Tax upon Persons in Proportion to their Means or Ability.” The rent of the taxpayer’s house or lodgings is taken as the basis of his taxpaying capacity. As an illustration, let us take the group composed of occupiers of dwelling-houses, in the main therefore composed of fathers of families. The method of calculation is shown by the following tables:—

(1) Assessed annual rental of occupier's dwelling.	(2) Gross assessed liability.	(3) Abatement.
Under £30	5 times (1)	£ 30
£30 and under £40	6 "	30
£40 " £60	7 "	30
£60 " £80	8 "	30
£80 " £100	9 "	30
£100 and over	10 "	30

Gross assessed liability.	Rate of tax per annum.
Under £60	Fixed sum of 2 <i>s.</i> 6 <i>d.</i>
£60 and under £100	1 <i>d.</i> in £.
£100	2 <i>d.</i> "
£115	3 <i>d.</i> "
£150	4 <i>d.</i> "
£400 and over—	
First £400	4 <i>d.</i> "
Excess of £400	6 <i>d.</i> "

Similar schemes are applied to estimate the liability of lodgers and occupiers of farms and residences used also as places of business by the occupiers. The tax is an interesting one, and its operation will deserve consideration. It is liable, as it stands, to the objection that

it will press heavily on fathers of large families, whose necessary house accommodation is apt to be considerably disproportionate to their tax-paying capacity, at any rate if the family is to be housed under decent conditions. Such a tax in a large town would put a premium on overcrowding.

The Foreign Office has issued in its Annual Series three Reports dealing with Germany, viz. *Trade of Germany* for 1904 (No. 3445, 120 pp., 6d.), *Trade of Germany* for the first half of 1905 (No. 3506, 64 pp., 3d.), *Finances of the German Empire* for 1905 (No. 3456, 32 pp., 2d.). The fiscal machinery of the empire is so cumbersome, and its financial position so uncertain, that radical changes have become necessary, and are being made or formulated. It is not sufficiently understood that the fiscal system of Germany, which is to us so markedly protective, is, from the German point of view, the only method by which the imperial government can raise a revenue. Direct taxes are at present the exclusive prerogative of the several federated states. The needs of the imperial revenue have therefore coincided with the apparent interests of the protected classes, and the tariff wall has risen continuously higher. When the new commercial treaties come into force in 1906, a considerable increase will be made. In the making of these new treaties, the agrarian interests have been chiefly considered, because of the powerful agrarian party in the Diet. The negotiating states offered reductions in their tariffs for manufactures in return for concessions to their agricultural produce, but the agrarians, who had declared the reduction of tariffs in the earlier nineties "pure robbery," have defeated these attempts through the action of the Bund der Landwirthe, which is now so powerful that it controls German home policy. The agrarian duties in the new tariffs are given in the following table:—

	Rate per metric centner. ¹									
	Rye.		Wheat.		Barley.		Oats.		Maize.	
	M.	Pf.	M.	Pf.	M.	Pf.	M.	Pf.	M.	Pf.
Autonomous tariff	7	0	7	50	7	0	7	0	5	0
Treaty tariff	5	0	5	50	1	30	5	0	3	0
Former „	3	50	3	50	2	0	2	80	1	60

The effects of these agrarian duties are too intricate to discuss here, but they are admirably analyzed in the Report, which is our authority for the extraordinary fact that these duties are, in the main,

¹ Metric centner = 220 lbs. ; 100 pf. = 1 mark = 1s.

advantageous only to landowners holding upwards of 100 hectares (247 acres), of whom there are barely 25,000 in the whole empire. The Report also contains much valuable information as to the progress of syndicates (*Kartells*) in Germany. Their advantages and disadvantages are enumerated rather than discussed, and as the present Report clearly apprehends the tests by which they are to be judged, future Reports may examine statistically the statement that *Kartells* control production and so prevent undue fluctuations of profits and employment, and indicate their effects on retail prices.

In the Foreign Office Annual Series there are also Reports on the *French Budget* for 1905 (No. 3473, 26 pp., 2*d.*) and the *Trade of France* for 1904 and the first eight months of 1905 (No. 3510, 19 pp., 1½*d.*). Armaments and colonial policy, in France as in Germany, are necessitating drastic alterations of the fixed system ; and it is interesting to note the changes that are contemplated in each country. The German Chancellor is said to be meditating an imperial estate duty. The *Report on the French Budget* gives, *inter alia*, an account of M. Rouvier's proposal to establish an income tax in France, one interesting feature of which is that the minimum income to be exempt from the tax varies with the populousness of the communes, as shown thus :—

						Exempt minimum income.
In a commune of—						£
2,000 inhabitants and under						30
2,001 to 5,000 inhabitants						40
5,001 „ 10,000						50
10,001 „ 30,000						60
30,001 and above						80
In Paris						100

Abatements are allowed on a decreasing scale up to £700 ; the tax proposed is 3 per cent. of the net revenue subject to the tax.

REVIEWS.

THE NATIONAL SYSTEM OF POLITICAL ECONOMY. By FRIEDRICH LIST. Translated by S. S. LLOYD. [366 pp. 8vo. 6s. net. Longmans. London, 1904.]

This is an opportune time for a new edition of Mr. Lloyd's translation of List's work on Political Economy; for, though the tariff question is not so solitary an issue in party politics as it was a short time ago, yet it is one that is sure to come forward again very shortly.

The translator, in his Preface of 1885, briefly explains the scope and value of the book; while now there is an additional Introduction by Professor J. Shield Nicholson. The translator has almost effaced his own opinions, except that in one or two places he shows approval of protection. The attitude of Professor Nicholson is interesting. His essay contains a fair estimate of List's position. First, he criticizes List for his injustice to Adam Smith and others, as well as for some weak points in historical narrative. He accounts for these defects by the fact that List was a political agitator, and thus consciously gave way to exaggeration. He then goes on to show the value of List's work in emphasizing certain points of economics, which had been neglected by many of the *Laissez faire* school. In conclusion, Professor Nicholson states that List's authority cannot be quoted to justify protection in England at the present time; for List looked on free trade as the ultimate ideal, while he only approves of protection at certain stages of a nation's development. We must therefore study this work, not in order to gain sanction for any definite policy, but in order to glean certain ideas which may be useful in helping us to form judgments upon any part of this question as it arises under varying conditions.

This introduction is most fair and moderate; but it hardly gives due prominence to List's view of national development. List's anxiety that each nation should attain to harmony and balance in its productive powers, that no nation should be "dependent upon the caprice of the foreigner," shows that he would assuredly have advised protection, even of agricultural products, if this were necessary in order to prevent

a nation from becoming too greatly dependent upon others for such products. It is true that he did not once contemplate such a condition of things. Like so many writers of the time, he took it for granted that every nation could provide for its own necessities by its own agriculture. But, just as he likens a totally agricultural nation, depending upon others for its manufactured goods, to a man with only one arm of his own, who is therefore compelled to use a foreign arm, which is necessarily insecure ; so we may fairly conclude that he would now liken Great Britain to a man in similar case, but with the arms reversed. He did not actually anticipate this possibility ; therefore, in this work, he directs his energy to urging on manufactures, because at the time in which he wrote (1840) these formed the great need for Germany. It is in this respect that Professor Nicholson fails to represent fully List's view of an ideal nation. Free trade is only his distant ideal, not to be pursued until each nation has attained its own self-sufficiency. After that, free trade may enter as a stimulus ; for nature, by placing nations in different climates, supplies the necessary international division of labour.

The short memoir of List, which is added to the book, gives an account of his laborious life—his troubles, his disappointments, and the pathos of his not living long enough to see the full outcome of the Zollverein for which he had toiled and suffered so much.

List's work itself is divided into four books, dealing respectively with economic history, theory of political economy, economic systems, and economic policy. There is much repetition, and a great lack of systematic arrangement. The reader has to glean the ideas himself, and to separate those which contain principles of permanent value, from those which can only be applied to the circumstances of his time. The first book sketches the rise and fall of the various nations of Europe from the Middle Ages ; and then draws practical lessons from their history. The historical accounts are too slight and confused to be of much value ; the lessons, which contain much sound reasoning, reappear later on. The second book, though it deals with economic theory, does not touch upon any primary economic laws, but merely includes questions of exchange, chiefly in foreign trade. The author's chief object is to show that economics must be political, not cosmopolitan.

Nations exist, whatever may be our opinion about them, and they cannot be ignored. The world is so constituted that their interests clash ; thus wars arise, so it is useless to argue as if universal peace prevailed. He lays much stress upon the economic effects of constitutional liberty, good political institutions, and wise treaties between the

different powers. He points out that the State can be wiser than the individual ; it can have wider views, and greater foresight ; therefore, the welfare of mankind, as a whole, can be better served by wise State action, than by merely leaving each individual to act according to his own self-interest. Here List is criticizing the *Laissez faire* school ; but, in doing so, he is often most unjust to Adam Smith himself. He not only attributes defects to the leader which are only present in his followers, but he also shows great bitterness, and implies that Adam Smith perverted history for his own ends.

The greater part of this second book is taken up with a comparative estimate of manufactures and agriculture. List shows how the physiocrats—after the social distress under Louis XIV., which was caused by neglect of natural resources—fell into the opposite error of depreciating manufactures. He considers that the “prevailing school” of political economy has fallen into the same error. Then he goes on to prove that the prosperity of manufactures reacts again on agriculture, and how crippled is a nation which depends too much on others for its manufactures. He exaggerates the social and mental advantages of manufactures, and does not see that an excess of these industries may lead to greater evils in an opposite direction, such as over-crowding, unemployment, and extreme inequalities of wealth. However, he affirms that these two forms of industry should be in due proportion to each other in every nation, and that foreign trade should only deal with the overplus, that is, with the products by nature peculiar to particular countries.

In connexion with this part of the subject, List's greatest contribution to economic science is his insistence upon the consideration of “future productiveness,” rather than “present values ;” Professor Ashley brings out this antithesis even more forcibly in his late work on the tariff problem. It is a distinction that has often been neglected. Mill's famous exceptional case for protection (*viz.* in order to foster young industries temporarily), is based upon the same truth. But List's attacks upon the leading economists are less fair, when he speaks as if they all take capital in its narrow, material sense. There is sometimes a tendency to drift into this ; but surely acquired abilities are generally recognized as personal or national assets, even in an economic sense.

The second book is by far the most important, as it includes the author's characteristic views on the whole subject, and is less overburdened than the others by allusions no longer useful. Book III., amidst much repetition of what has gone before, traces the various systems of political economy. These accounts are not complete ; they

only serve to repeat the points of attack on the physiocrats, Adam Smith, J. B. Say, and others. List seems to think that, under Ricardo, the present economists have lost much practical influence, and are chiefly concerned in theories—as of rent. This aspect of the question does not interest him. He soon passes on to the fourth and last book, where he traces the course of recent European politics from the commercial point of view. Conditions have so greatly changed, that these chapters can only now be read for their historic interest, and as an example of the author's intense patriotism. He shows some bitterness in speaking of England, though his translator points out that he practically honoured this country. It is true that he admired her free institutions and her commercial success; but at the same time he frequently accuses her of underhand policy and dishonourable negotiations. Without following his scheme of policy in detail, it will be found profitable here, as elsewhere, to observe some of the author's ideas. He touches, with evident approval, upon the vexed political questions of balance of power and natural boundaries; he urges the use of colonies in being the extension of a nation; and, in his complaints against England, he even mentions "dumping," though not by that name.

In the fiscal controversy, List may certainly be called a protectionist; he is valued by that party because he has given a scientific basis to what has generally been regarded as unscientific. He urges the separate development of nations—each to be economically independent, but trading together "for their enrichment;" he looks upon customs expenses as necessary means of defence. He considers it disadvantageous for a country to have to make up in money for an adverse balance of trade—not because money is wealth more than any other commodity, but because it is advisable for a nation to have the "disposition of the precious metals," and not to be at the mercy of a foreign bank. Yet, on the other hand, free traders can quote him too. The actual protection that he suggests is no more than that admitted by Adam Smith and J. S. Mill. It would not now literally apply to this country, because he would not protect agriculture at all; while in manufactures he would only protect young industries till they could stand alone. He disapproves of protection used merely as retaliation, also of excessive duties, and of the protection of industries unsuited to the protecting nation.

In short, this book should be approached without prejudice by any student of economics, who desires to form wise judgments upon existing questions. As we have seen, it contains much that is valuable; and, however these principles may be applied, one definite lesson is

learnt with them all, viz. that both free trade and protection are not ends in themselves, but means to an end.

M. W. MIDDLETON.

CHURCH AND STATE IN ENGLAND. By W. H. ABRAHAM, D.D. [x., 382 pp. Crown 8vo. 5s. Longmans. London, 1905.]

The appearance of this book is a welcome sign that some clergy, at any rate, who are immersed in absorbing practical work, are alive to the serious problems involved in the present relations subsisting between Church and State, and realize the fact that the reforms which are so urgently needed must be based upon real historic knowledge. In a few pages of great interest, Dr. Abraham gives an account of his own experience in a large centre of population ; he illustrates the practical evils which result from a perverse "love of 'establishment,' " the crass indifference to the work of the Church, the utter absence of any spirit of zeal or self-sacrifice, the depressing paralysis of spiritual energy. Notwithstanding, Dr. Abraham inclines, as the result of a careful survey of comparative gains and losses, to deprecate disestablishment.

"The only real benefit from disestablishment would be the gain of spiritual freedom for the Church, and it remains to be seriously considered whether that freedom could not be attained without infringing upon the freedom of other Christian bodies and without breaking the alliance now existing for the mutual benefit of Church and State."

In the historical part of his volume it may be doubted whether Dr. Abraham appears quite at his best. He gives a conscientious sketch of the different periods of English Church History, but his facts do not seem to be very effectively marshalled, nor is their relevancy to the main purpose of the book always made apparent. Some points of crucial importance, however, are clearly brought out. For instance, Dr. Abraham succeeds in showing that from the earliest period the Church was "strongly and intensely national." The very insularity of its position and temper tended in this direction. "The close association of Church and State gave the Church a great power in moulding national life and character. The strong feeling of the independence and freedom of the national Church acquired during this (the pre-Norman) period was never lost, though dormant for a while, and when the link with the Papacy was once more broken, men looked back to Anglo-Saxon times for the model of a truly national Church."

Another point of importance, which Dr. Abraham exhibits with

force and lucidity, is the idea of the supremacy, as it was understood by the Tudor sovereigns, and accepted by the Church of England. Great stress is rightly laid on this subject. Indeed, Dr. Abraham appears to think that the best hope of securing any substantial measure of Church reform lies in a direct appeal to the power inherent in the sovereign.

"The Church," he says, "accepted a Royal Supremacy, and she should now appeal to Cæsar. If any authority is needed it is the royal authority, which the Sovereign may exercise by taking advantage of the Acts of Henry VIII. and Edward VI., and appointing a Royal Commission, which could establish all the machinery of parish, diocesan, and national councils, the bishops agreeing to put into execution by the powers they possess all the legislation of these Church councils."

This suggestion is of real value. The early reformers perhaps regarded the supremacy chiefly as a bulwark against heresy; in our own day it is more natural to find in it a safeguard against the unscrupulous Erastianism of a Parliament which in no sense represents the Church, and which, as Dr. Abraham clearly shows, has usurped powers to which it had no original claim or moral right. It is noteworthy that the writer holds the Non-jurors ultimately responsible for the policy which resulted in the suppression of Convocation. Their "unfortunate stand for the 'Right Divine of kings to govern wrong' left the Church at the mercy of the Crown and the latitudinarian bishops appointed by the Crown, and led to the substitution of Parliamentary for Royal supremacy over the Church." The outcome of the suppression was, as might have been foreseen, an almost abject dependence of the Church on Parliament—a dependence the more marked in proportion as the bench was replenished by bishops bound by ties of gratitude to the Government, and alienated in feeling from the rank and file of the clergy.

The concluding chapters of Dr. Abraham's book may be described as a temperate statement of the case for Church Reform. The writer shows little sympathy with those whom he calls "the Erastian Church and State people—who rarely or never communicate, who clamour for high matins, but rebel at high celebrations of the Eucharist." Though some will be inclined to regret this trenchant language, it cannot be denied that Dr. Abraham's description is strictly relevant to his discussion of the conditions under which the lay-franchise should be exercised. Most readers will find themselves in hearty agreement with all that Dr. Abraham says on this latter point, though it may seem to some that he underrates the difficulty of securing the communicant-franchise which is evidently his ideal. The same remark

applies to his plea for "the full recognition by the State of an alliance of honour with the Church so closely intertwined with the national life;" such recognition is scarcely likely to be judged compatible with the claims, real or imaginary, of other Christian bodies. What Dr. Abraham does succeed, however, in amply proving is the fact that the state of things for which Church Reformers are seeking a remedy has become, in a very real sense, intolerable.

R. L. OTTLEY.

L'INTÉRÊT DU CAPITAL. Par ADOLPHE LANDRY, Docteur ès-lettres. [367 pp. 8vo. 7 francs. Giard et Brière. Paris, 1904.]

This book is part of a series published by the "Bibliothèque Internationale d'Économie Politique," under the direction of M. Alfred Bonnet. The author's main object is to ascertain with scientific accuracy why there is interest upon capital, and how to determine the rate or assessment (*taux*) of this interest. The subject is obviously one that does not lend itself to imaginative or rhetorical treatment, and the work is in large measure abstruse and highly technical. M. Landry displays much ingenuity in expounding and illustrating his own theories, and not less acumen in criticizing the theories of other economists. He wisely begins by defining what he understands by the terms "capital" and "interest," not because such definitions are indispensable for any practical purpose, but because his theories gain in precision by their use, and confusion is avoided. No doubt many a heated and profitless logomachy might have been avoided had not the combatants used unconsciously in very different senses the terms they employed.

M. Landry is inclined to follow J. S. Mill and other economic writers in describing capital by the term "abstinence." He defines capital as the wealth of which a man renounces the present use in order to obtain, at the end of a period more or less remote, a greater amount of wealth; and the interest appears as the payment for the use of such capital. With regard to the common distinction between private and social capital, our author approves of Böhm-Bawerk's axiom that the notion of private capital is fundamental, and the other derived. "Economic science," says M. Landry, "is a study of man in so far as he endeavours to acquire riches, that is, exchangeable wealth. All the facts within the province of this science originate in the activity of individuals seeking to improve their condition, and end with the same individuals." This statement is not meant to exclude the social point of view; and conflicts must often arise between the aims of individuals and the welfare of the community at large.

To return to definitions. M. Landry defines capitalization, or the capitalistic operation, as "nothing else than the manifestation in the economic order of human forethought. This manifestation permeates the whole of our economic life, since we constantly find it necessary to impose labour upon ourselves which will only yield fruit after a period more or less remote." For instance, a landowner may increase the fertility of a piece of land by drainage works, and the transport of merchandize may be facilitated by the making of canals and railways. But the capitalistic operation may also be of a passive kind. It may consist in leaving the action of natural forces to improve or increase a possession in preference to the immediate enjoyment of it; to keep wine till it has grown old; to allow a forest to grow; to lend money that will be restored to you with a surplus. Again, it may consist in creating by labour certain property, the utility of which will only be realized in process of time—such as houses and furniture—instead of things intended for immediate consumption. There is, besides the subjective, the objective point of view; that is, not only a negative utility and a positive utility, but a negative value and a positive value. On the one hand, there is that which the capitalist abandons as value—value of exchange being understood—and on the other hand that which he acquires. These two concepts do not necessarily coincide. For example, a person having a store of wheat keeps it instead of consuming it at once, because he foresees that some day it will be more useful to him than it is now. This is a subjective capitalization. If, when the period of consumption arrives, the wheat should happen to be worth less than its present value, the process will not be capitalistic in the objective sense of the term. Of these two concepts, the first, logically, is the subjective concept. An individual completely isolated would simply have a measure of utilities; he would know nothing of values. Yet it is with the word in its objective sense that our author mainly concerns himself, because in society goods have their value at the same time as they have a utility for each individual, and the moment goods acquire value or price the idea of subjective capitalization ceases to be of any practical importance. To the question whether any one buying a house to live in, or a piano to play, performs a capitalistic operation, M. Landry replies in the affirmative. He expends a certain sum to procure the enjoyment of the house or the piano. Divide this enjoyment by years. The enjoyment for one year has a market value. Now by adding up the items of these fragmentary enjoyments we find that the purchaser obtains a sum higher than the price paid for the house or the piano.

Such being the definition of capitalization, what then is capital?

On the one hand, the goods which are temporarily renounced may be so called, and on the other, the wealth or increment acquired by this renunciation. M. Landry proceeds to show that in dealing with each of these concepts we encounter serious difficulties, but since it is necessary to choose between them, he decides in favour of the first, as being more conformable to usage, more fixed and precise, of a greater practical and scientific importance, and more convenient in other respects. In short, capitalization being the process of making a temporary sacrifice to assure a superior gain in the future, capital is defined as the goods, the immediate consumption of which is renounced for the purpose of obtaining, at some future time, goods of greater value.

M. Landry gives a succinct definition of interest as the produce of capital lent, and, in the produce of capital not lent, the equivalent of the produce of capital lent. Or again, we may say of the interest on capital, whether it represents the whole or only a part of the produce of capital, that it is equal to the smallest yield that capitalists expect from it.

In Chapter II. our author discusses the question why capital requires interest, and in Chapter III. why it obtains it. His replies to these questions are thus summarized. If there is interest on capital it is partly because capitalists do not consent to advance or lend capital, except upon the assurance that they will receive interest upon it; and also because they find they can make investments which will yield interest, and because there are borrowers who find, or think they find, their advantage in borrowing at interest. Besides, the capital not exacting interest does not suffice for the lucrative employments open to capital.

A complete explanation of the phenomenon of interest, says M. Landry, must include answers to these two questions. I. "Why certain capitalists do not consent to advance or lend capital except on condition of obtaining interest?" II. "How is it that capital is able to yield interest?" The answers to both these questions are complex. To the first the answer must include: (1) The fact that the needs of the capitalists will be smaller in the future than in the present; (2) the fact that the resources of the capitalists will be greater in the future; (3) the capitalistic sacrifice, otherwise called the fact that all displacement in consumption is detrimental, because it disturbs the equilibrium of consumption, aggravates any defect of equilibrium, and substitutes for a defect of equilibrium another defect of equilibrium inverse and more marked; (4) a preference systematically accorded to present wealth—the utility being equal—over future wealth, otherwise called a systematic depreciation of future wealth (*biens*). The following are answers to the second question: (1) The fact that there are people

whose needs will be smaller in the future ; (2) the fact that there are people whose resources will be greater in the future ; (3) the systematic depreciation of future wealth ; (4) the productivity, strictly so called, of capital, i.e. the law that provides that in a number of undertakings, we may by advances, or by an increase of advances, obtain a supplementary product more useful than the expenditure, or the increase of expenditure agreed to, would be, if agreed to in order to increase immediate consumption ; (5) the pseudo-productivity of capital, i.e. the existence of products where capital—if these products are not over-developed—may be profitably employed, the product being proportionate to the amount of capital advanced ; (6) the possibility of creating and possessing durable wealth which would be more valued than non-durable wealth for the creation of which the same expenditure is required.

Other chapters are devoted to elaborate criticisms of the theories of other authorities on the subject, and the last chapter deals with the question : “ How the rate of interest is determined ? ”

In dealing with the exploitation of labour by capital, our author recognizes that the circumstances which determine the nature of the contract between the capitalist and the worker are much more favourable to the former. He remarks, however, that the fact that the worker is more or less at the mercy of the capitalist, is, after all, “ *une circonstance accessoire.* ” What determines the worker to sell his labour to the capitalist is not *essentially* his *need* of subsistence ; it is the *advantage* the worker finds in so doing. The necessity imposed upon him, under present social conditions, of obtaining employment from the capitalist has the result, not of giving birth to interest, but of reducing the level where certain uses of capital become lucrative, and thus of increasing the capitalization, and modifying the rate of interest. We are thus led to the conclusion that interest springs from the relations established between the capitalist and *the whole class of non-capitalists*. M. Landry's admission that the worker does not enter into competition with the capitalist upon anything like equal terms, suggests the reason why as a rule there is nothing like an equitable share of profits between the two parties. This is further demonstrated by the fact that in proportion as workers band themselves together in their own defence, in exactly that proportion do they obtain a nearer approach to a just wage. Not justice, therefore, but force is the ruling principle in the industrial world. On the other hand, there is no essential antagonism between capital and labour. M. Landry shows that even in a Socialistic community capital would still be required, for which interest would have to be paid.

It is creditable to M. Landry's mental candour that, since the publication of *L'Utilité Sociale de la Propriété Individuelle*, a deeper study of capitalistic phenomena has led him to modify his ideas upon many points relating to the conflicts between general and particular interests, and to recognize as inaccurate or incomplete certain propositions there advanced. The main object of his appendix to the work before us is to supply such corrections and modifications as he considers necessary.

FRED B. MASON.

DIE ARBEITERINNENFRAGE. By ELISABETH GNAUCK-KÜHN. [96 pp. 8vo. 1s. Gladbach. Berlin, 1905.]

This interesting little book gives a useful *aperçu* of the industrial position of women in Germany, and much of its argument is almost equally relevant to England. At the outset the author draws a firm distinction between charitable and social work. Charity is individual, charity will help the special case, and care for the individual sufferer; social effort is directed rather towards the class, or the community. Charity comes forward to heal the wounds and treat the symptoms of disease; social work sets itself to remove the very causes of disease itself. Take the particular case of the woman worker in industry. Charity can help the sick or disabled; social effort is turned rather towards improving those conditions that tend to produce sickness or disablement.

In Chapter II. the writer traces the evolution of the female factory worker. The demand for women's work, as we see it now, has been mainly brought about by the introduction of machinery. Mechanical power takes the place of physical strength, and the degree of skill necessary for the subdivided operations is easily acquired. The isolated and unorganized condition of the women constantly tends to depress their wages. For this there is but one remedy, combination in trade unions. The immense difficulties in the way of organizing women workers are mainly psychological. "For thousands of years men have been accustomed to associated action, women to individual effort. Men's work, in the working classes at all events, brings them continually in contact with their fellows and equals. The hereditary work of women has, on the contrary, tended to isolation. The household is a little world, and the housewife has as such no relations with other housewives." The position, that is to say the most characteristic position of women, teaches them nothing of association for common ends, nothing of subordinating the individual will to the common good; it rather tends to promote an individualism which, though in some ways a source of strength, may lead to disaster when

the woman is forced out into the competitive struggle, and becomes one of ten thousand units, whose only hope lies in combined, concerted action, and mutual aid for common ends, but whose one idea too often is to fight for their own ends. Space forbids my describing in detail the author's suggestions for remedying some of the more flagrant evils connected with industrial exploitation. Madame Gnauck-Kühne views with favour the institution of girls' clubs and associations of a friendly or philanthropic nature ; for although these are powerless to deal with evils such as sweating, yet they accustom girls to discuss matters, and to act in concert, and thus form a transition stage to the women's unions which are necessary to improve their economic position. The weak point of this argument is that the management of girls' clubs often tends to fall into the hands of women who, however amiable, are not inclined to view trade unionism with favour, or to influence girls in that direction. It is something of a shock, also, at the end of so admirable and far-sighted a work, to find that the author suggests charity as the best means of providing suitable homes for working girls. It *may* be the best available means ; but surely the wages of working girls should be expected to enable them to provide themselves with comfortable homes and with other necessary comforts and relaxations, without any contributions from charitable sources. This would not be impossible, if co-operative methods were made use of. There can be no reason (except in case of some temporary need or incidental distress) why the employers of girl-workers should be subsidized by charitable contributions in aid of wages, any more than the employers of engineers or bricklayers.

B. L. HUTCHINS.

LA RÉFORME AGRAIRE. Par ADOLF DAMASCHKE, Président de la Ligue Allemande pour la Réforme Agraire. Traduit d'après la troisième édition allemande, et adapté à la situation de la propriété foncière en France, par OTTO KARMIN, Privat Docent à l'Université de Genève. [227 pp. 12mo. 3 francs. Giard et Brière. Paris, 1905.]

Misfortune makes strange bedfellows. German landowners, large and small, find their income growing insufficient for their needs, and forthwith they cry out that there must be something fundamentally wrong, and that the State must interfere to save them. It is precisely the same thing in France, for whose public Dr. Karmin more particularly writes. One need but read the *Démocratie Rurale*, or listen to the spokesmen of the agricultural party, to ascertain where the shoe pinches. Hence the constant cry for an agricultural *dégrèvement*, for

State subsidies, and for that stupendous endowment of the *Crédit Agricole* with State funds which, now they have been voted, French farmers cannot make out a good title to claim. However, in Germany there is, more specifically, a heavy mortgage debt—although, as recent returns show, not nearly as heavy in fact as people are pleased to make out. That mortgage debt is really in principle all to the good. A careful calculation, made some time ago by a competent person, showed that the freehold farmer abroad pays as a rule in the shape of mortgage interest just about the same amount that the British tenant pays in rent. But he has the advantage of keeping the value of all those improvements and all unearned increment wholly to himself. However, like every other form of credit, mortgage credit has been found liable to abuse. Mortgage debts have been recklessly contracted, especially by the Prussian *rittergutsbesitzer*, who, with that help, want to live up, not to their income, but to their social position. Incomes have gone down, and the value of land has declined. Accordingly, insolvency seems staring them in the face. And the debtors cry out, like Athenians of old, for a “Seisachtheia.” To find arguments to support their proposal that the State should take over all mortgage claims, reduce interest and debt, and place the ownership of land on a specially favoured footing, advocates of these measures ransack all available authorities. When, twelve years ago, Professor Ruhland and Herr Ratzinger explained to me the object kept in view, they employed very different arguments from those which Herr Damaschke advances to-day. However, since then, the “reformers” have discovered Henry George, and Moses and the Prophets, and in the book which Dr. Karmin has, not translated, but very freely and skilfully adapted for French reading, Herr Damaschke hopefully falls back upon these authorities. It is quite true that he disclaims all partisanship for Communism. And the essential difference between genuine Georgism and the German-French adaptation of it must appear, when it is stated that Herr Damaschke quotes the seizure of land in Kiao-tchou by the German Government on behalf of the “Empire” as a *bonâ fide* application of Henry-Georgism. But he wishes to punish non-agricultural, that is, creditors’ capital, which he labours to show is quite a different thing from the sacrosanct capital invested by the farmer in land.

The little book is, however, well written, and contains interesting information and arguments. It will be welcome news to many English readers that in Prussia, and in transatlantic countries, the taxation of unoccupied land according to, not the income which it yields, but its selling value, has, under an enabling Act of Parliament, become an accomplished fact, and is answering well. Municipal income has

increased, other taxation has been lightened, outrageous speculative appreciation of land has been checked, but land-buying and the growth of the communities accepting this form of taxation have not been stopped. So it has been found in Breslau, in Spandau, and in most of the hundred and forty municipalities which have thus far taken advantage of the powers given to them.

HENRY W. WOLFF.

LA CRISE AGRAIRE EN RUSSIE. Quarante Ans de Propriété Collective. Par GEORGES ALFASSA. [229 pp. 12mo. 3 fr. 50 c. Giard et Brière. Paris, 1905.]

This is an excellent little book, notwithstanding a rather formidable array of misprints, which seems attributable to careless reading. There can be no doubt that the author is master of his subject. That has enabled him to condense a full review of the agricultural question in Russia—which practically dominates all other questions, economic and political—into a comparatively very small compass, without omitting any feature of consequence, while adding very welcome explanations as to the causes of the various facts. Incidentally M. Alfassa shows what a very artificial hothouse growth is that industrial prosperity for which some Russian statesmen, more particularly Count Witte, have taken rather excessive credit. Like Russian finance, with its heaps of gold, it is shop-window prosperity, and turns out to be dearly paid for.

The system of collective landholding has been tried in Russia, and distinctly found wanting. However, as M. Alfassa explains, the lamentable result is not owing solely to collectivity. Russia is a country of splendid, though always judiciously vague, promises and remarkably meagre fulfilments. So it has been with corporal punishment, which has been nominally abolished, but is still arbitrarily administered by authorities who place themselves above the Czar's directions. So, once more, it has been in the case of the distribution of land among the enfranchised peasantry. No doubt much was bound to happen which could not have been foreseen. However, the main cause of disappointment is shown to be that the great reform was not carried out in the spirit in which it had been conceived by a well-meaning ruler. By such means the very result has actually been brought about which it was the Czar's distinct desire to avoid—that is, the creation of a rural proletariat, standing face to face, not only with large proprietors and peasants who can maintain themselves, but with that peculiar curse of agriculturally undeveloped countries, the middlemen, *mangeurs de mirs*, who rent land at a low rate to relet it

to the needy at a high. The difference in the rate of rents is very striking. Hence, in a country which is unquestionably underpopulated, the curious spectacle of insufficiency of land for millions of cultivators, to whom these plots held under *mir*s have become a ruinous encumbrance, neglected, unmanured, unproductive, against the want associated with which, as M. Nicolas On puts it, "they protest by their death." Mortality is shown to increase in proportion with the smallness of the holdings.

There is no evidence whatever of overdrawing in M. Alfassa's picture. And yet it is a miserable description of a great empire, rich with opportunities, in which the land is uneconomically distributed and weighted with a crushing load of taxation, whereas the better-to-do classes, as under the *ancien régime*, escape almost scot-free.

The book was, of course, written before the outbreak of the revolution. But its dismal story clearly points to such development. M. Alfassa is not in favour of doing away at once with collective holding and the *mir*. His views with regard to gradual but steady proceeding are, no doubt, reasonable. However, the main value of his book consists in the pithy, concise, telling, and yet to all appearance truthful account which he gives of existing facts.

HENRY W. WOLFF.

A HANDBOOK OF SOCIOLOGY. By JAMES QUAYLE DEALEY, Ph. D., and LESTER FRANK WARD, LL.D. [324 pp. Sm. 8vo. 4s. 6d. Macmillan. New York, 1905.]

The outburst of interest in the new science of Sociology in the American universities brings prominently before us the question whether there is or is not a science of Sociology. Are the main facts of the socialization of mankind really subject to rigid laws and categorical statements? Are there factors in human nature which belie such generalizations? These questions strike home with all the more insistence when we peruse the works which have recently been given to the world by some of the acutest American thinkers. Professor Small has recently offered us his masterly work on the subject, with all its wealth of detail, its amazingly wide study of various social factors, its undeniable cocksureness of conclusion as to the inevitability of social development. It would seem that the human unit is a trifling if not negligible factor altogether. Ethics, religion, law, science, philosophy, all become mere "achievements" of the race. The race is everything. There is a process, and it can be as definitely explained and prognosticated as a process in mathematics. The spiritual world, with its strange departures, in individual types, from law and order,

seems to be of no account, and through a bewildering variety of technical terms we are led to believe that the progress of the race is a matter of laws and processes, in which the work of the individual, even though the individual be a genius, is not even an aberration. We are all instruments; races dead and gone are instruments; and the utmost for which we can hope is to look through the haze for some successors who will be the resultants of the forces of which we are inconsiderable trifles.

Much the same can be said of this handbook, though indeed it is an excellent treatise from its point of view. Granted the central claim, it is difficult to see how the work could have been better performed. Clear and incisive in its language, careful in its definitions, deliberate in its judgments, it is a work which must be in the hands of every student of social development. But we shall not all be ready to subscribe to its dicta. There is something of the unutterably infallible in some of the statements. For example, we are shown how democratic tendencies have come about, and the desirability of a spread of democratic power is expressed, but not a word is said as to the future. True, there is a reference to the work of "leisured classes," a work which is said to be infused by the desire to escape *ennui*, but it is not stated what will be the next step in the course of development when democracy has achieved its own. It would not be unfair to argue that the authors think that this will be the end of all things; and yet that is simply to annihilate the main thesis. Nor are some of us quite ready to agree that religion is merely one of the "reasonable" forces which make for progress. "Religion has its very origin in reason. No animal has developed even the rudiments of a religion." This phrase is indicative of the pronouncements to which I refer. Are there not some grounds for the supposition that because animals have no religion therefore it must be ultra-rational? Likewise, when we are told that "evolution furnishes the first answer that science has ever made to the questions: What? Whence? Whither? and when its truths are fully known will furnish the final answer," we can only point out that for writers who urge that religion is only of the nature of science to make such a claim is little less than astounding. May it not be nearer the truth to say that evolution itself is now under re-inquiry, and that there are signs that religious notions which have been temporarily discredited will reappear in a new form? It is surely dangerous to prophesy in this didactic fashion.

The trouble with the whole theory is its emphasis on mere knowledge. We are told that the prime duty of civilized man is to preserve the continuity of social knowledge. But this overlooks the old duality

between science and practice. Is there not the putting of knowledge into action to be considered? The Sociologists seem to despise human action altogether. Efforts which have been made to ameliorate this and that part of the social state are, from their point of view, contemptible pebbles thrown into the flowing stream. We must learn all the facts of sociology, and with the dynamic force of those facts, and their tendency to affect the future, must apparently rest content. It is a depressing doctrine at a time when earnest, not to say strenuous, effort is the one thing needful in social enterprise.

Still, though there is this main objection to the science, as it is revealed before us, there are some claims which may reasonably be urged. That the details of social, intellectual, and moral development should be carefully studied and compared, and that no understanding of the science of society will be complete without such patient endeavour, must be admitted. It is accomplished in the book before us, but accomplished with rather too much thoroughness, inasmuch as too much stress is laid on these mere statistical facts, so to speak, to the ignoring of the importance of the sphere of individual liberty. It is one thing to rebuke Mr. Kidd for placing religion as one of the social forces, and quite another thing to deny that there is anything particularly worthy of respect in religion,—that, in short, it is merely one of the pawns in the social game. Religion—the recognition of individual motives, of individual apperceptions of the Infinite—is not so readily placed in the background of the scene which we call life. And as we have spoken of religion, so we may speak of other forces. Affections may be historically analyzed, as the authors have done in a very clever fashion; but this does not denude them of their extraordinary power, nor does it explain how it is that men will shake their fists at all manner of social conventionalities for the sake of a child's smile. Fundamental human nature may be capable of scientific analysis, but it is fundamental for all that. Attempt to rob it of its mystery; attempt to place on a parchment scroll the impulses, the motives, the purposes which sway mankind; attempt to reduce to formulæ all the holy desires and lofty ambitions of mankind, and we may reach a science—of a kind. But the fundamental will triumph in the end, unless we apply to it quite another and a deeper moral test. For those of us who place religion at the very basis of social progress, there may be a science of sociology, but it will be a science which does not forget God, and does not condemn that other immensity called Man.

JOHN GARRETT LEIGH.

THE COTTON INDUSTRY AND TRADE. By S. J. CHAPMAN, M.A., M.Com., Professor of Political Economy in the University of Manchester. [viii., 175 pp. Crown 8vo. 2s. 6d. net. Methuen. London, 1905.]

The prosperity of the cotton industry is often regarded as a triumphant vindication of the policy of free trade, and Professor Chapman bears witness to this prosperity. "The Lancashire cotton industry," he says, "is not declining;" rather, he shows a rapid increase, during the last few years, in the number of spindles and looms at work in the mills. And, in speaking of foreign countries, he is sanguine enough to believe that, "with a growing capacity to hold their own in the manufactures that are now being fostered, there will be an increased willingness to face foreign competition, and if the result is not more trade, at least it will be more international specialism" (p. 96).

This little handbook is an admirable addition to the series of "Books on Business," and is a pendant to the author's larger work on *The Lancashire Cotton Industry*. He describes, in clear and straightforward language, the whole history of cotton; the countries where it is grown; those in which it is spun and woven; the process of its manufacture; the nature and extent of the industrial organization involved; the trade itself; and the effect of foreign tariffs upon it. The tables of statistics alone, arranged in clear and compendious form, will prove of great service to a student of the development of the trade in the last few years all over the world.

The influence of industrial centralization upon social welfare is a subject of deep interest, which the author treats well, but much too briefly. He points out broadly the four defects attributed to the present system: "The narrowing influence of specialism on human life; the unhealthiness of big towns; the ugliness of the surroundings of a factory system; social cleavage and the unequal distribution of wealth and employment" (p. 58). It is only the second and third defects that he regards as real drawbacks to the system. Improvements must and can be made. The iniquitous habit of crowding together rows of mean houses and ugly factories within the narrowest limits must be supplanted by a system which will distribute them over a wider and less confined area; houses must be built cleaner, more sanitary, and of less monotonous appearance than the dull unvaried lines of red brick. Parks and grounds must be provided, where people can breathe freely and find recreation. Above all, some means must be devised of consuming the volumes of smoke belched forth from the factory chimneys, before it destroys for miles round all sign of

vegetation. The other two defects Professor Chapman believes to be very exaggerated. He does not regard specialism as an evil. "It should," he says, "tend ultimately to broaden, rather than to narrow life" (p. 59), "for the foundation of all knowledge is broad." While, however, specialism is the necessary accompaniment of excellence, yet it is always narrowing in its influence, unless it is based upon the foundation of a wide and liberal education; and a wide and liberal education is confined to but a small proportion of the community. The author's statement that "social cleavage is less marked to-day than it ever was" (p. 62) needs some qualification. It is true, no doubt, that the barrier is being broken down between the two classes, known in common parlance as the "upper middle" and "lower middle" classes. But between the lowest and highest grades of society there is still a wide gulf fixed. And until the wealthy owner of the factory condescends to take a deeper interest in the welfare of his workpeople, the gulf will remain unbridged, and this particular evil will still cry out for remedy.

Professor Chapman makes several suggestions of practical utility:— for example, on the extension of the area of cotton-growing, on the introduction of automatic looms, and on the establishment of a class of specialist brokers to undertake the risk of buying and selling in the market, in order to relieve the spinners, and to increase the efficiency of the manufacturers.

G. B. CARLISLE.

RATES AND TAXES AS AFFECTING AGRICULTURE.

By J. S. NICHOLSON. [146 pp. 8vo. 2s. 6d. Sonnenschein. London, 1905.]

This interesting little work appears in the well-known Social Science Series. It contains the substance of the Gilbey Lectures delivered by the author in the University of Cambridge in the May term of last year. The main purpose in the mind of the lecturer is set forth in the preface: "Although the subject is treated with special reference to agriculture, the main object is to consider the principles which should be applied in the reform of English local taxation." In the preliminary chapter on "General Principles," various important canons of taxation are enunciated; *e.g.* "All taxes fall on persons, and not on things." "The case for agriculture cannot be treated in isolation without regard to general principles and general conditions." "The two systems of national and local finance must be treated together: . . . national burdens ought not to vary merely according to localities."

In the chapter on national taxes the author combats the idea that such local contributions as the poor rate may be regarded as "the first charge on land," and an "hereditary burden." For he maintains (p. 39) that "if the national ownership of land ever existed (except as a convenient legal fiction) it has long since been abandoned." Historically it is true that the Crown was originally the owner of large tracts of land, the demesne lands, and also enjoyed certain revenues of a feudal character from land held under the Crown, but successive sovereigns granted away practically the whole of the former, and the feudal dues were finally surrendered in 1660; consequently the "vague popular idea that the land of England belongs to the people of England (as represented by the Crown) in the sense that the nation has a right to the whole or part of the rental, and that a special tax on land values is only the assertion of a just claim, is in the light of history an absurdity" (p. 49). Again, the author examines historically the growth of "taxes" on land as distinct from a "rent charge," and concludes (p. 59), "Down to the end of the great war in 1815 . . . land was not on the whole subject to any differential or special taxation as compared with personal property, that is for national purposes;" and again (p. 69), "If we are to appeal to historical precedent only, a case would be made out, not for special hereditary burden, but for special hereditary relief;" and in the present day such treatment is equitable, for "instead of an *unearned increment* for agricultural land, there has been an unearned (and certainly undeserved) decrement" (p. 72).

In chapter iii., on local taxes, the author points out that "the accepted view in the fourteenth and fifteenth centuries was that each inhabitant should pay according to his "ability and substance," not "land values" (p. 78): it was only because the occupation of land was the most natural "visible sign" of "ability and substance" that lands in the country and houses in towns came to be looked upon as the basis of taxation; in reality it is "persons, not things," which are taxed. He ably discusses the necessity of parliamentary subventions to supplement local taxation, and emphasizes the truism, too often overlooked, that if the ratepayers as a body get some additional burden, local extravagance and its checks are also examined.

The following is a summary of the author's views of the principles to be kept in view in reform. "Both landlords and tenants should be rated on their incomes. If the rates are levied for purely beneficial, and not for onerous purposes, the distribution should be made to depend on the benefit to the occupier and owner respectively. So far as the rates are for onerous purposes, the idea of a local income tax is

dominant ; and so far there seems to be no valid reason for supposing that the tenant's income is evidenced exactly by his rent " (p. 101).

Chapter iv. raises the difficult question of the true incidence of rates and taxes on agricultural land as between landlord and tenant; the consumer is practically excluded by the force of foreign competition. Returning to the supposed "unearned increment" of the landlord, Professor Nicholson points out that "over a considerable part of England the economic rent in the strict sense has vanished ; the rent of land used for agriculture is to a great extent simply profit on the capital sunk in the land by the owner or his predecessors in title" (p. 124). He contends that the burden of high rates ultimately loads the landlord most severely, but that at the same time the tenant suffers too, since "so far as the rates fall on rent there is so much less to spend on the land, and so much less ability to relieve the tenants in any temporary emergency" (p. 135). In concluding this chapter, the author notes one essential difference between rates as affecting town and country : the proportion of beneficial to onerous rates is far greater in towns. "Agriculture has more to bear, and in proportion gets less in return." "In towns and cities the rates have increased to a still greater extent, but then there, also, the benefits conferred have been greater. A large part is payment for services rendered."

Professor Nicholson writes most suggestively on this pressing subject of national and local taxation ; and those who view the subject not entirely through the spectacles of the townsman will find much to suggest reflection with regard to the state of agriculture at the present day.

E. A. S. LITTLEWOOD.

LES ŒUVRES ÉCONOMIQUES DE SIR WILLIAM PETTY.

Traduit de l'anglais par HENRI DUSSAUZE et MAURICE PASQUIER.
[2 vols. xvii., 727 pp. 8vo. 15 francs. Giard et Brière. Paris, 1906.]

It is not altogether surprising that the French should, in what is to them a period of very active economic inquiry, turn their attention to so sound a pillar of economic science as Sir W. Petty. And M. Alfred Bonnet has probably judged the taste of his countrymen aright in selecting Sir William's works to serve as part of his *Bibliothèque Internationale d'Économie politique*.

We on this side of the Channel had not forgotten Petty to quite such an extent as Professor Albert Schatz, who contributes an able preface, appears to assume, when attributing the revival of Sir

William's popularity as an author to the publication in 1899 of a new edition of his works, edited by Dr. Hull, of Cornell University. Lord Edmond Fitzmaurice's *Life of Sir William Petty* appeared in 1895, and Sir William's views and arguments have been repeatedly quoted, even before that.

The truth is, that Sir William, who was a staunch monometalist and freetrader, according to the notions of the seventeenth century, and who wrote in plain and straightforward English, has a quite peculiar interest for us at the present moment. In his day, as in ours—it is curious how history will repeat itself—pessimists had discovered a *Britannia languens*, in which trade, wealth, everything was decaying and declining, and which appeared to call for very vigorous, though perhaps not quite orthodox, methods. Pessimists had even discovered a “consumptive condition of the country.” The parallel goes further than this, for one of the Cassandras of those seventeenth-century days bore the name of Chamberlayne. And there was a J. C. (Josiah Child) to give a catalogue of “decaying industries” grouped under fifteen heads. Such alarming predictions provoked Sir William's very straightforward reply, *Political Arithmetic*, in which he shows, with the convincing clearness of a modern Board of Trade Return, that the maunderings about *Britannia languens* were all moonshine, that our rivals—in those days they were Holland and France—were not eclipsing us as many would have it, and that we had a very good future before us. History appears to have borne out Sir William's contention.

Petty's works have interest for France, not only because they in the main expound principles which must more or less apply while the world stands, and which at the present time want recalling among French people, but also because the references to their own country, brought in for the purposes of comparison, are frequent and of historic value. “Mercantile” ideas are not as dead as one might think, and the seventeenth-century opponent of mercantilism will bear reading afresh.

The translation appears well done, and the get-up of the book is creditable.

HENRY W. WOLFF.

COLONIAL ADMINISTRATION. By PAUL S. REINSCH. [422 pp. 8vo. 5s. net. Macmillan. New York, 1905.]

Professor Reinsch's book belongs to the series edited by Professor Richard T. Ely, of Wisconsin University, and entitled “The Citizen's Library.” To this series the author has already contributed on the

subjects of *World Politics* and *Colonial Government*. The present work differs from the latter of these two in that it is intended "to give a survey of the varied activities of colonial governments," rather than of the "institutional framework;" in his earlier volume, the author has introduced us to the composition of the machine, he now shows us the machine at work.

An introductory chapter shows us clearly the point of view of the author: he dispassionately reviews the general course of action by which the great Powers of the Western world acquired their colonial possessions. The scramble for political sovereignty over huge tracts of territory was the feature of the latter half of the nineteenth century. The great development in rapidity and ease of communication brought undeveloped regions nearer to Europe, and suggested them as safe investments for capital. The community, as represented by capitalist companies, took the place of the individual merchant; and so colonization became a national concern. "But having thus forcibly seized upon large tracts of land, and established a claim of sovereignty over their inhabitants, the nations engaged in this movement looked for some moral principle upon which the procedure could be defended." The "brotherhood of man," unrealized in the years following the French Revolution, is to be realized now; the lower races are to be raised by the fostering brotherly love of the higher. These sort of ideas are not, however, pure cant; they are, perhaps, rather unconscious self-deception.

"Like strong personalities, the modern nations are filled with a desire to impress the mark of their genius on the world." But, as the author points out, both here and all through the book, it is absurd for the "strong personalities" to treat the rest of the races of the world as if they had no personalities at all; it is, of course, this sort of policy that breeds half the troubles of the great empire states; it is madness to ride rough-shod over the inherited beliefs, customs, and instincts of native races; for modern science is agreed "that inherited psychological elements are the most persistent phenomena of which we have any knowledge:" so "the very first requirement in laying the foundations of a colonial policy is the careful study of the ethnical character of the races with whom we come into contact." Professor Reinsh argues earnestly against the wholesale sweeping away of all that has hitherto given social cohesion to a race: the work of the higher race is to guide the evolution of local institutions of natural growth along the right lines, and not to substitute a ready-made civilization absolutely alien to the very structure of the native character.

He maintains that the real gift which Western civilization has to

offer is the "mastery of nature." "By relieving the tyranny which nature now exercises in the primitive forests of Africa, and in plague-stricken India, Western civilization may become the Prometheus of the nations that are yet in bondage." "'From the ground up' should be the motto of an intelligent colonial policy."

I have entered somewhat fully into the introduction, because it gives clearly the main principles which guide the author in his review of the work of the colonial government of the great Western states. He follows that work through all the chief departments of organization: thus we have chapters on education and general social improvement, finance, communication, agricultural and industrial development, land policy, the labour question, and a hundred other subjects. In all these activities he examines and criticizes the work of England, France, Germany, Holland, and the United States, among the native races whom they govern in various parts of the world. It is interesting to find an American author ranging the comparatively recent work of his own country in dealing with the Philippines with the efforts of countries with longer colonial experience.

The English reader, with the home problems of the present day before him, will find much interest, and also widen his outlook, by reading the chapters on education, colonial commerce, and the labour question. The views of the author on the first point may be guessed from what I have already said as to his introduction. On p. 43 we find a plea for the retention of native languages: "The adoption of a European language as the language of instruction would imply an utter severance of the intellectual and moral development among the natives from their past history; it is through language that the elements of a civilization are handed down from generation to generation;" but the author does not quarrel with the use of a European language for secondary and higher schools, as is the custom in India, Ceylon, Indo-China, and Algeria. As to the subjects of education, we are told, p. 49, that "wherever the ideal of a literary training has been followed in the colonies, unsatisfactory results have been produced." "It raises hopes and aspirations which can impossibly be satisfied." The native's great ambition is to become a clerk or Government official; but such positions are strictly limited in number, and vast multitudes must of necessity be employed in manual work. It is noted with satisfaction on p. 51, "that the Education Commission for South Africa in 1900, agreed upon the principle that governmental aid should be given only to schools which devoted half of their time to manual and agricultural training." This chapter also deals with the slave question in Africa; it shows how the conditions which bolster up

slavery may be removed : a new transport must be provided in place of the human beast of burden, and a new currency in place of human flesh ; domestic slavery must be clearly distinguished, it has far fewer abuses than public slavery. The secret of success in Africa must be peace and economic education. " Thus far the African has made his life possible by killing his neighbour ; this resource being cut off, the only alternative will be to work " (p. 70).

In dealing with commerce, in the section devoted to British colonial commerce, Professor Reinsch is led to survey Mr. Chamberlain's proposals ; before grappling with the subject in statistical detail, he makes this preliminary criticism : " As the tropical colonies at the present time count for nearly one half of the colonial trade of Great Britain, it is difficult to understand the reason for almost totally ignoring them in the present discussion ; . . . it is evident that Mr. Chamberlain looks entirely to the self-governing colonies and to the political advantages which may be obtained through such a policy in Great Britain " (pp. 214, 215). He sees great difficulty in embracing India in any scheme of an imperial customs union. Some useful diagrams illustrate the main currents of trade in various British dependencies.

In the chapter on the labour question, the main difficulty of the matter in the tropics—the inherent disinclination of the natives for regular steady work—and the various attempts to induce greater industry, are clearly and ably discussed. The " labour contract " is ruthlessly exposed ; whatever may be thought of the necessity of the actual system, " labour contract " is the merest euphemism, when the severity of the penalties attached to any failure to fulfil the " contract " is considered. With regard to " imported contract labour," the author summarizes his conclusions as follows (pp. 374, 375) : " In general, it may be said that, though the administrative control of imported contract labour in the British colonies has been very careful and efficient, the system has a number of very grave defects. The importation of coolies constitutes a serious discouragement to the immigration of free labour, . . . nevertheless, its temporary use will, in certain cases, be advisable in colonies with very large natural resources which the native population cannot be induced to develop."

In a section in this chapter entitled " Forced Labour," it is noticed that, " while abolished in their old form, slavery and the *corvée* are constantly pushing their way again into colonial administration under new and less suspicious guises " (p. 376). Forced labour exists to some extent in the Dutch East Indies and the German African Colonies : and for some time, in Matabeleland, under the British South Africa Company, " according to the report of a special commissioner, the young men of

the Avagansi (the higher class of natives) were called upon to work for Europeans two months in the year" (p. 379); the result was revolt. The system of the Congo Free State is likewise exposed (p. 380): "Not only are the natives here forced to work for the Government and its favoured companies in gathering the products of the forest for a mere nominal remuneration, but a large number of able-bodied men are reduced to the condition of practical slavery in the so-called public force. This body, . . . of 15,000 men, is used almost entirely for industrial purposes. . . . By the natives, enrolment in the army is looked upon as no better than slavery."

The problems which Professor Reinsch raises throughout the book are of such vital importance that any one, however little versed in the details of the working of the various systems of colonial government, will do well to read this comparative study of the methods obtaining in the great Western imperial states. I may add that a copious list of authorities, Government publications and others, given at the end of each chapter, should satisfy the desire for more elaborate study, which this book will no doubt awake.

E. A. S. LITTLEWOOD.

FOUNDATIONS OF SOCIOLOGY. By PROF. E. A. ROSS.
[395 pp. 8vo. 5s. net. Macmillan. London, 1905.]

It is difficult to extract from this book any clear or consistent definition of its subject, sociology. On the one hand, this general science of society is regarded as including and combining all the particular social sciences—such as ethics, economics, jurisprudence—in one great system; on the other hand, as dealing with a region which lies alongside the rest, and does not include them—that is, as being itself a particular social science. According to Professor Ross's own metaphor, sociology is the trunk of which the other social sciences are branches; but "the tree is a banyan tree," in which the branches have other trunks of their own, and are so far independent of the main trunk. But if this is so, it is obvious that sociology does *not* combine the other social sciences, but only touches them at certain points. And this is, on the whole, the view taken by the book. Sociology, according to this conception of it, does not question, or try to explain, the presuppositions of ethics, for instance, or religion; it takes them for granted, and merely investigates their effects on society. By "society" in this connexion is meant any given society, existing under any particular conditions. We may state the whole position thus: "Human nature being what it is, what will be the effect upon it of any given environment?" (environment, of course, including all the forces of whatever kind, which influence human nature from without).

Now, this is to assume the unchangeableness of human nature ; as though it were only acted upon by external forces ; whereas the most important idea of human life is the possibility of human nature changing itself ; and the sphere within which this idea does not apply is very small. Such sociology, therefore, is a very limited science ; it is true only so far as human nature is invariable. The laws which it succeeds in formulating seem, consequently, almost trivial, as "social order is stable in proportion as the power of each to resist exceeds his power to aggress, and his will to resist exceeds his will to aggress." This may be true ; but what is really important to know is, "What will actually be the proportion in the given case ?" And this depends largely on other than psychological considerations. Such sociology may serve as a rough practical guide. But it cannot give any new meaning to religion or ethics, even on their social side ; rather, it depends for its own meaning upon them.

On the whole, the book is true to this conception ; but there is a tendency to exaggerate the scope of sociology at the expense of the other sciences.

Two other points which may be noticed are, first, the satisfactory stress laid on psychological, as against physical, considerations. The absurd results of the latter may be seen in such formulæ as "The attraction of cities is directly as the mass, and inversely as the distance" (p. 48). Secondly, there is the unsatisfactory use of metaphor when we look for definitions. Descriptions of Sociology as "the Central Asia of Economics," or "a balcony projecting from physics or biology or psychology," are blind guides. These, on the whole, are the defects of an otherwise sound and useful book ; it has no clear statement of what sociology is, or of its relation to other sciences.

H. G. A. BAKER.

SOCIALISM AND SOCIETY. By J. RAMSAY MACDONALD.

[185 pp. 8vo. 1s. 6d. Independent Labour Party. London, 1905.]

"In undertaking this work," says Mr. Macdonald in his preface, "I have hoped to be able to state the Socialist position to readers in this country in a way more in accord with British mental and political conditions than has hitherto been done."

Most readers will allow that he has been successful. The logical bearings of socialism are clearly presented, without the gratuitous paradoxes of the Social Democrats of the Old Guard. When socialism was built on the economics of Marx, which was a perversion of Ricardo's, and on his philosophy of history, which was a perversion of Hegel's, the refutation of it was delusively simple. But these

paradoxes were not the quintessence of socialism; and the party, whether we like it or not, will be all the stronger when it has cast them off. This truth is seen by Mr. Macdonald, as it was seen by Mr. Bernstein (*Voraussetzungen des Sozialismus*, 1899). Mr. Macdonald sets it forth most fully in his fifth chapter, called "Towards Socialism"—a chapter not only sane and searching in its criticism, but placed by its style and tone on a level high above the political platform. "It is not true that there are only two great economic classes in the community." "The class war is carried on, not between two but three armies, between any two of which there may be treaties of peace and offensive alliances" (pp. 110, 111). The proletariat is broken up into sections. The co-operator, "all day, at his work in the factory or mine, thinks of himself as the victim of the exploiter, as the loyal trade unionist, as the wage-earner. But he comes home in the evening, washes himself, puts a better coat on his back, goes to his co-operative committee, and immediately undergoes a fundamental change. Psychologically, he is a different man. He is no longer a wage-earner and a trade unionist, but a capitalist employer, who has been known to join in the anathema against labour combinations" (p. 116). "Imitation as well as identity of economic interest determines for practical purposes the class to which a man belongs" (p. 117). "There is no principle of social reconstruction in this feeling of class interest" (p. 120). "There is the motive of a scramble or of class defence and preservation, the motive to secure big wages, short hours, and favourable conditions of work. But that is all. The tug of the class war is across, not upwards." "It is not the emancipation of the numerical majority, or of a class so big as to be 'no class but the nation,' which matters. What matters is the character of the motive power which effected the emancipation" (p. 122). "Even if we regard economics as the mainspring by which history moves, that does not prevent us from recognizing that only by a combination of intellectual guidance and economic need does historical change become one and the same thing with progress" (p. 123). "Socialism must recognize the intellectual as well as the economic movement. And if it over-emphasizes either side, let it be the former. For the pressure of economic need may exert itself in several conceivable directions, not every one of which opens the gateway to progressive advance" (p. 124). "The industrial and economic inevitability of socialism is a mere fancy. It is inevitable only if intelligence makes it so" (p. 125). "Socialism marks the growth of society, not the uprising of a class. The consciousness which it seeks to quicken is not one of economic class-solidarity, but one of social unity and growth towards organic wholeness" (p. 127).

We may find much in this book from which to differ. The demand is made for reconstruction ; "Trade must be organized like a fleet or an education system" (p. 171). The claim is made that only socialism can effect the reconstruction. The drawbacks of the present industrial system are described with some rhetorical exaggeration. All other attempts at a cure are rejected as mere palliatives. There is no effort to show in detail how the conscious organizing of industry from above can be set on foot, or to bring home to us the conviction that our own or any other nation can be taught self-government on this gigantic scale. If we ask who are to teach us, the answer seems to be the Independent Labour Party (p. 148).

But the man who could write such passages as the fifth chapter of this book is at least no enemy of society, no wilful sophist, and no scoffer. He has the root of the matter in him. A few more such men would secure for socialism a patient hearing in England. That it has not hitherto had a patient hearing has been largely due to the shortcomings of its advocates.

J. BONAR.

NOTE.—The second edition of this book has just appeared (Christmas, 1905). It contains a few verbal changes. An amusing misprint on p. 177 of the first edition has unhappily survived in the second.

SHORT NOTICES.

DIE ARBEITERVERSICHERUNG. VON DR. ALFRED MANES.

[130 pp. 12mo. 80 pf. Göschen. Leipzig, 1905.]

This is one of a capital set of miniature handbooks on a large variety of technical, legal, and industrial subjects issued by the historic firm of G. J. Göschen. The authors are selected specialists of standing, under whose treatment brevity means anything but meagreness.

In *Die Arbeiterversicherung* Dr. Manes gives a highly condensed epitome of German State-regulated insurance of working-men against all manner of mischances, from employment accidents and senile or other decay down to slight indisposition, confinement, and the like. The sketch, though reduced, is fully complete in itself. What will, above all things, strike British readers in the course of perusal is the almost appalling extent to which the State interferes in Germany to provide for working-men benefits which in this country independent provident action is made to secure. The reason given is that only by State compulsion can complete application be ensured ; and also that, as Dr. Manes puts it, Germans will not, of their own accord, make the

requisite effort. Seeing what a truly astounding wealth of spontaneous effort they are found capable of, to our cost, in the matter of commerce and industry, one is driven to the conclusion that in the presence of State action the inducement to independent initiative is wanting. Dr. Manes admits that German State-subsidized providence does not make the recipients thrifty, but rather careless and trusting to employers' and tax-payers' benefactions. The sum, by the way, that Germany now expends upon working-men's insurance amounts to more than £60,000 per diem.

SOCIALISM AND POSITIVE SCIENCE. **FERRI.** Translated from the French edition of 1896 by **MISS HERVEY.** [145 pp. Crown 8vo. 1s. 6d. Sonnenschein. London, 1905.]

The Independent Labour Party have chosen for the first volume of their socialistic library an Italian book dealing with the relation of socialism to the positive sciences. In a series designed for purposes of propaganda it would be idle to look for any serious contribution to physical or economic science. The present book is the translation of a work already ten years old. It deals with the old difficulty that socialism is opposed to natural selection. Few serious students of socialism would care to maintain this paradox to-day, unless, indeed, the arguments used in this book drove them to do so. This book supposes that the class struggle is the modern equivalent to the old struggle of individual with individual, which implied natural selection. But classes are not sufficiently homogeneous bodies to be affected by a struggle for existence. The trend of industrial development, becoming more apparent every year, is away from the lines that Marx anticipated; and even if the struggle had followed the lines he sketched, it would not have been a struggle in the Darwinian sense. That the Independent Labour Party should have considered the resurrection of this book desirable is rather a comment on the ignorance of their public than a tribute to the merits of the book. At best it is nothing but a manual of dogma for the instruction of the socialistic neophyte. Those who are in sympathy with the socialistic movement cannot but regret that its most active representatives should thus commit themselves to a stereotyped conservatism. Miss Hervey has produced a lucid and readable version. We cannot help thinking that an account of the more modern thought in continental socialism, say the Bernstein debate in the Lubeck conference, would have been more useful and acceptable. We would rather that the young socialist should learn from Miss Hervey the results of the Italian general strike than that he should be encouraged to engage in the futile and impracticable polemic of this book.

LA CITÉ JARDIN. Par GEORGES BENOIT LÉVY. [287 pp. 8vo. 7 fr. 50 c. Jouve. Paris, 1904.]

The present volume is a more or less comprehensive survey of the garden-cities and garden-villages of the world. This fact notwithstanding, it requires but little comment.

Three of its four sections are given up to the model communities of England, which the Musée Social sent the author to visit in 1903. He did so the more willingly, as he believed that the usual sporadic attempts at combating social evils were as futile as they were costly, and that the only hope of progress, whether material or moral, lay in the developing of industrial and residential centres of this kind. In his opening pages he sketches the main outlines of Mr. Howard's scheme—this to determine the essential characteristics of a garden-city—and the history of the movement which has culminated in the founding of the new town in the fields of Letchworth. In a later chapter he discusses the attitude towards it of the co-operative associations, and takes occasion to lay stress on a fact only too liable to be ignored, viz. that it is intended to be neither co-operative, nor socialist, nor individualist, but to afford free scope for all enterprise of whatsoever nature. This part of the subject, though it may be new to the French reader, should be tolerably familiar to the English, and need not be dwelt on. Far more interesting than his account of the garden-city that is to be is the chapter on the garden-villages already in existence—Port Sunlight and Bournville—never, so far as we know, described anywhere before with the same minuteness. By means of notes taken on the spot, he is able to give us accurate information as to their origin and internal government, their institutions, and the cost and distribution of their houses, together with full details as to the economic conditions of their inhabitants, their yearly expenditure, and household management. The description of Port Sunlight in particular is well worth study. In the pages that remain he treats of garden-cities and communities of the same order in the rest of Europe (France, Germany, and Belgium), in America (Dayton, or Aurora), and Australasia. Most of the section on France is devoted to the aims of the French Garden City Association, of which the author is President. He leaves us with the assurance that his last word has not been spoken, but that, if subscriptions be forthcoming, the matter of his last chapter is to be treated at length in future works, to which the present one may serve as an introduction.

We have no hesitation in recommending the book. To those who are anxious for enlightenment on this branch of social reform it will prove an accurate and trustworthy guide, while it places within the

reach of those already familiar with the subject many valuable data never before brought together in one volume.

ACTUALITÉS SOCIALES. Publications de l'Institut de Sociologie de Bruxelles. [Vols. 5-7. L. GUERTON, "L'Augmentation du Rendement de la Machine Humaine," 216 pp. ; and "Assurance et Assistance Mutuelles au point de vue médical," 145 pp. ; J. JOTYKO, "Entrainement et Fatigue au point de vue militaire," 100 pp. 16mo. Misch et Thron. Bruxelles, 1905.]

The Belgian Institut de Sociologie, presided over by M. Émile Warweiler, makes it its object, as a common preface prefixed to the second of these volumes indicates, to study the production of a *civitas sanus in civitate sana*. The *Actualités* are little volumes dealing each with some particular closely specified subject in a distinctly popular way, so as to make the scientific facts presented easily intelligible to the majority. In two of the most recent additions to this pocket library Dr. Louis Guerton treats of the culture of health and of physical degeneration. He quotes Ruskin's "There is no wealth like life," and pleads for a more systematic study of hygienics. The Belgians, so it appears, have no medical qualification corresponding to our L.S.Sc. (Licentiate of Sanitary Science). Dr. Guerton would have such adopted, and our Local Boards of Health imitated there in ten years are calculated to have saved us 858,591 lives. Moreover, he would have mutual sick insurance societies, above all things friendly societies; not to be content with the one medical examination of applicants for membership which they now have, but to make the examination periodical, and have sound teaching of precautionary hygienics based upon it. As a precedent in practice he quotes the prophylactic measures taken by the German and Austrian State Insurance Departments, the results of which show that money spent upon prevention is much better laid out than money spent upon cure or pensions.

M. J. Joteyko addresses himself to a subject closely allied, but having special reference to military service. He shows that needlessly prolonged service and the fatigue connected with it undermine a good many people's health, and he would accordingly have service shortened. Nine months, so he quotes a Prussian authority, suffice to produce a good infantryman and a very fine artilleryman.

The little handbooks appear to answer their purpose well.

THE FISCAL QUESTION— RETROSPECT AND PROSPECT.

THE cynical observer of English politics might not improbably find in the General Election of 1906 a favourable occasion for indulging his unamiable habit. The solid fact, indeed, is placed beyond dispute that the relative position in Parliament of the two chief political parties has been completely transformed; and the magnitude of the majority which the new Government may expect at the outset of its career to command over the combined forces of its probable opponents surpasses most, if not all, previous precedents. A parallel has been sought at as distant a date as the time immediately following the Reform Bill; and the misfortunes of the Unionists have been appropriately called a *débâcle*. And yet even now the cynic might draw some congenial amusement from the significant and obvious circumstance that the huge Ministerial majority is not free from the menace of sectional strife. Even apart from the Nationalists and the Labour members, who have declared their intention to act independently, commanded by distinct leaders, and marshalled by separate whips, the somewhat heterogeneous multitude remaining may fairly be said to disclose indications of future discord rather than to furnish any sure guarantee for full agreement in opinion, or enduring harmony in action. A meeting of an advanced Radical group, prepared to place themselves generally under the leadership of Sir Charles Dilke, has already been held; and within the more secluded circle of the Ministry, or the Cabinet itself, it requires but an elementary acquaintance with the previous career and characteristics of particular individuals to detect a detachable group, which, by contrast with more impetuous, comprehensive

Radical reformers, may be deemed a survival, in altered circumstances, and under changed names, of antique Whiggism. It would hardly be inaccurate to describe the party as a whole as "amorphous;" and, if the cynic might find an appropriate target for his scornful derision in the sorry spectacle of the Unionists meeting their constituents in a mood which, expecting defeat, was uncertain which of two battle-cries should be followed, he might also obtain a grim satisfaction from the malicious thought that rarely, if ever, had politicians come into power with such a lack of conspicuous leadership, or such an absence of definite legislative programme, as those attending the advent to office of Sir Henry Campbell-Bannerman and his colleagues.

If the theory of a "mandate" be not, as it may very probably prove in the usual conditions of English politics, a visionary rather than a practicable conception, the "mandate" given at the recent election would scarcely seem to embrace any more positive legislation than the amendment of the Education and the Licensing Acts, or any more definite steps in executive administration than efficiency in the army and relief from taxation. The election addresses of the most prominent members of the present Government were drawn in the main on the negative lines of condemnation of the acts of their predecessors, or consisted of the unqualified rejection of any interference with existing fiscal policy. The speech delivered by the Prime Minister himself at the Albert Hall between his assumption of office and the Dissolution can hardly be said to have added more than vague generalities, to be variously interpreted by the wishes of his hearers, about the direction of contemplated reform. The change of government has been confirmed by the opinions of the voters, expressed with no uncertain emphasis, although, by the operation of our present electoral arrangements, the majority in Parliament may exaggerate in a considerable degree the superiority reached by comparing the total numbers of friendly and hostile votes recorded at the polls. But what that majority is intended by the electors as a whole to effect is not very easy to determine; and it may

prove impossible to satisfy, with sufficient speed, the competing wishes of clamorous sections, who consider and assert that the special legislative change or administrative act which they require is obviously fraught with the greatest and most general advantage, and is most widely and imperatively demanded by public opinion.

It must, in fact, be allowed that without some such machinery as the "referendum" it would seem impossible in this country to ascertain with unquestioned certainty the views of the electorate on any single political issue. We are assured by some confident spectators, with whom, perhaps, the wish is father to the thought, that the question of fiscal reform has been finally settled by the verdict pronounced at the recent election. We are told with equal emphasis by others, that the open advocacy of tariff changes secured in some instances an exceptional victory, which, without this assistance, would have been imperilled, and in other cases was the only circumstance which prevented defeat from proving even more complete than it was. By yet a third class of critics we are reminded that two varieties of attitude or action in fiscal matters were in fact or appearance suggested for the perplexed consideration of the voters—the one definite and consistent, recognizing the probable necessity of a small tax upon foreign corn, and a low general tariff on foreign manufactures, as modes of giving effective preference to the colonies, and of providing adequate defence for British industries; and the other, ambiguous and hesitating, trying to avoid the odium of taxing food, and suggesting occasional retaliation in special circumstances which might conceivably arise. The electors, like the candidates, it is held, were hampered and confused by the absence of clear issues, and have postponed their final decision about fiscal change. But, on the other hand, another body of critics affirms, without hesitation, that the constituencies have made it evident that they would have nothing to do with any variety of tariff reform, whether it were less or whether it were more comprehensive. The only pabulum in fiscal matters acceptable to them was the unadulterated free trade, or, if the description be preferred, the unrestricted free imports, to which

they had for so many years been accustomed. Mr. Balfour's policy, as they conceived it, was no less, and no more, displeasing to them than Mr. Chamberlain's scheme. They could not swallow the one, and they would not be persuaded to taste the other.

And yet who can say that it has been placed beyond possibility of doubt or dispute that the fiscal problem, whether it were or were not completely understood or correctly interpreted, was so dominant an issue at the recent election that the actual result was not materially or sensibly influenced by other considerations which were not germane to this particular question? A number of varied explanations of their discomfiture have certainly been put forward by disappointed candidates, although incredulous opponents may attach little importance to views which they may regard as suggested or distorted by surprised chagrin. Yet the reasons assigned for their victory by the successful members of the new Parliament are neither few in number nor wholly harmonious in purport; and it would not be a light, even if it proved a feasible, undertaking to disencumber from entangling influences and obscuring surroundings the effects of the different forces which may have combined to produce the general result. How much, for instance, has been due to that recurrent desire for a change in the party entrusted with the administration of affairs, which has been discovered by attentive students in the previous vicissitudes of British politics, and has found expression in the appropriate metaphor of the "swing of the pendulum," it is difficult even for trained experts to determine. Nor is it easy to gauge with exactitude the force of the allied feeling of discontent, or even disgust, with the general conduct of the Unionist Government, or with particular acts for which they were willingly or unwillingly responsible. Dissatisfaction with the shortcomings apparent in connexion with the South African War, the burden of increased taxation, coupled with an annoying suspicion that the full worth of the money expended was not being obtained, the bitter resentment aroused in certain sections by the Education Act and the Taff Vale decision, and the keen disappointment felt by

some zealous reformers with what they considered the inequitable and disabling compromise with the claims of threatened interests which was embodied in the Licensing Act, are some of the factors by which the electors may, in greater or less degree, have been influenced in recording their votes. It would need extraordinary acumen to distinguish the precise effects of the statements put forward, or the beliefs entertained, on the vexed problem of the introduction of Chinese labour into the mines of the Rand from the exact consequences of comparisons made between imaginary loaves of less or greater magnitude. And therefore it demands a hardihood of conviction, to which only avowed partisans can attain, to declare that the decision of the electorate was unmistakably and finally pronounced on the single distinct question of fiscal reform, severed from various confusing considerations.

Nor, even if it be admitted without reserve that the chief issue, at any rate, which stood out from the crowd of others of lesser importance, was the fiscal problem, is the further difficulty resolved of distinguishing with precise accuracy which variety of tariff change met with the larger or smaller measure of condemnation, or received more or less approval. The conspicuous majorities won by Mr. Chamberlain and his followers at Birmingham have been explained, to the satisfaction of some observers, as the personal triumphs of a remarkable individual. But it is no less open to conjecture that the connexion of himself and his *entourage* with a definite programme of action, frankly avowed and courageously pursued from the outset, may have been an essential condition rather than an accidental accompaniment of the exceptional success achieved at a time of general discomfiture for the Unionist party at large; and had Mr. Balfour, as leader of the Conservative wing, engaged in those conferences with Mr. Chamberlain, the leader of the Liberal-Unionist wing, which have since been held, and reached the explicit announcement of the conclusions expressed with succinctness in his letter of February 14, before, and not after the General Election, it is possible that he himself, his colleagues in the defunct Ministry, and the general body of his followers in

Parliament, might have fared better than they did in that disastrous engagement at the polls on which they ventured in such a hesitating and temporizing mood.

Indeed, the careful reader of the interesting collection of speeches by the late Prime Minister, now published,¹ will allow that, in certain important respects, Mr. Balfour's recent attitude towards fiscal reform is consistent with that which he first adopted when, by contrast with the general interest lately aroused, the question was of academic rather than practical importance. Throughout the interval of a quarter of a century, separating the earliest from the latest utterance contained in this volume, he has not swerved from the original opinion which he formed, namely that, as the removal or diminution of existing duties on goods coming in from abroad was a powerful instrument for effectual negotiation with foreign countries, when we were bargaining for freer commercial intercourse, so the threat or intention to reimpose relinquished taxes, or to levy fresh taxation, might at a future time prove the only possible means of securing a reduction in the height of those tariff walls by which other countries endeavoured with success to restrict or prevent the importation of our goods. The famous pamphlet, also reprinted here, entitled *Economic Notes on Insular Free Trade*, which was given to the public but two years ago, is similarly in general agreement with the ideas expressed in an article, less widely known, on "Cobden and the Manchester School," written by Mr. Balfour for the *Nineteenth Century* in 1882, shortly after the publication of Mr. Morley's *Life of Cobden*, and included in that fascinating book of *Essays and Addresses*, which may be said to show at once the wide range of intellectual interests, the singular power of subtle and searching argument, and the rich literary aptitude and charm at the command of the writer. That article might with advantage, perhaps, have been included in the present volume. For in it Mr. Balfour indicates,

¹ *Fiscal Reform*: Speeches delivered by the Right Hon. Arthur James Balfour, M.P., from June, 1880, to December, 1905; together with a reprint of the pamphlet *Economic Notes on Insular Free Trade*, and Letters from and to the Right Hon. J. Chamberlain, M.P. (September, 1903), with a Preface. [xi., 280 pp. 8vo. 2s. 6d. net. Longmans. London, 1906.]

with unerring finger, the yawning gaps in the Cobdenic articles of faith, and with characteristic scorn exposes the narrow boundaries within which the intellectual horizon of the famous agitator himself was confined, and the limited and distorted perspective of his political prophecies.

How strong, indeed, was the prejudice felt against important classes of the community, such as the landed interest, by the apostle of free trade throughout his career, has been recently shown incidentally in Mr. Morley's *Life of Gladstone*, where we learn that Mr. Gladstone himself and others, like Sir James Graham, were seriously annoyed because Sir Robert Peel's eulogium of Cobden was not qualified, as it should have been, if a strict regard were paid to accuracy and justice, by some censure of the habitual attitude assumed and language employed by Cobden towards the landlords. How reasonable and wise were the misgivings entertained by shrewd contemporary judges about the eventual consequences of the revolution wrought in our fiscal system by the enterprise of the Anti-Corn Law League, may be discovered in that entertaining masterpiece of political biography, Disraeli's *Lord George Bentinck*, or in Mr. Justice Byles' ingenious criticisms, first advanced anonymously, in an essay entitled *Sophisms of Free Trade and Popular Political Economy Examined*, which has opportunely been republished in the last few years. The traditional account of the resounding victory won by Cobden and his friends, which is taken to-day by many writers and speakers upon trust, needs a faithful re-examination in the searching light shed from these new or forgotten sources of illumination, and a liberal revision of accepted views may be a consequence of such a necessary process. But as an antidote to the undiluted verities of the free trade gospel, as distilled originally by Cobden himself, or as administered subsequently by dispensers of the purer essence of fiscal orthodoxy, I believe that it is scarcely possible to find a more effective medicine than that furnished by Mr. Balfour's acute and merciless dialectic. As a preliminary mental discipline I would strongly recommend to "convinced free traders" the perusal, and re-perusal, from beginning to end, of the late Prime Minister's reflections and

opinions on fiscal matters as presented in this volume of his collected speeches. Their most obstinate persuasions must, I am tolerably sure, be shaken by this stern regimen, and an uneasy feeling that what they have previously accepted with little or no questioning is at least open to suspicion will, if I mistake not, be the final impression left behind when they have finished and laid down the book.

That such educational work as this needed to be done, before measures of reform could be carried into practical effect which would commend themselves to the lasting approbation of the great body of reasoning Englishmen, will not be doubted by any one who enjoys a tolerable acquaintance with the polemical literature of the fiscal controversy. That the vigorous argumentative discussions of the last few years have exerted an appreciable influence upon the minds of a large proportion of the educated classes of the country will be admitted no less readily by those who contrast the outcry with which at the outset a mere whisper reflecting on the completeness of the free trade theory was received by men who prided themselves on the possession of a knowledge and capacity denied to their vulgar neighbours, and the comparative toleration with which in the same circles it is now allowed that much may be urged on practical, and something also on theoretical grounds for some at least of the contentions of modern critics of our fiscal policy. Whatever deductions as to the present attitude of popular feeling may be drawn from the results of the last election, a palpable change in cultured thought is disclosed by the altered tone and temper with which the question is approached and treated in instructed circles. And with regard to the popular verdict, it should be remembered that, if the English people are proverbially conservative in the sense that they are timorous of fresh conceptions and disposed to shrink from unfamiliar practices, they have, on the other hand, shown on repeated occasions in their history that they are singularly open to the persuasive logic of facts, and conspicuously insensible to the reproach that they allow practical exigency to prompt or force departures from theoretical consistency. Their factory legislation is confessedly a compromise between

State interference and individual liberty ; and it is certain that no orthodox regard for a rigid observance of freedom of trade will permanently restrain them from passing outside the boundaries set by *Laissez faire* in fiscal arrangements where such change seems to be required. In this matter, as elsewhere, they may more probably travel in the end along the middle path which leads between the two extremes.

Yet it requires no more than a brief retrospect to transport us to a period when free trade was deemed the sole fiscal creed appropriate to cultured men, and protection was regarded by the genteel and instructed as mere ignorance and obvious delusion. It is from this point of view, for example, that M. Yves Guyot, in an entertaining essay lately translated into English, treats what he significantly terms *The Comedy of Protection* ; and the superior attitude assumed by many public men in this country towards Mr. Chamberlain, after his speech at Birmingham in May, 1903, was characterized by a similar scorn for what they evidently regarded as an intellectual shortcoming. By a curious coincidence, at that very time scientific economists had for some time past been showing the existence of serious gaps in the theory of free trade, some of which had, indeed, been detected previously by the critical acumen of independent amateurs, guided only by a common-sense appreciation of the relative importance of rough actual fact and fine speculative reasoning, but others of which had been revealed lately through the introduction of more exact and elaborate instruments of argument and inquiry. At the moment when these defects were being exhibited in the theoretical foundations on which the superstructure of free trade dogma had been, as it was thought, securely raised, an appeal was made by interested politicians to an authority to which they had not been accustomed for some while to pay much deference, and professors were invited to confirm the populace in their traditional beliefs. Free trade was presented as correct economics. In the pages of Lord Brassey's recently published pamphlet,¹ this conception may be found in a prominent place.

¹ *Sixty Years' Progress, and the New Fiscal Policy.* By Lord Brassey, K.C.B., D.C.L. [195 pp. 8vo. Longmans. London, 1906.]

The general arrangement of this pamphlet, which consists partly of a miscellaneous medley of emphatic opinions uttered in the main on one side only of a vexed discussion by economic writers or political speakers in different years and various connexions, cannot be recognized as satisfying the requirements of a scientific order. Lord Brassey's facts, no doubt, merit full and deliberate attention, and his figures serve, as he quotes them, to support the argument which he is urging; but they too relate in some instances to distant and different periods of time; and, for such reasoning as he employs to be conclusive, it may justifiably be urged that it should be presented with more constant and punctilious regard to the conditions of consecutive chronology and the requirements of strict logic. Statistics thus used justify, indeed, the trite reproach that "figures will prove anything." And yet the somewhat disorderly method of treatment pursued in this pamphlet, which, it must be owned, is calculated to persuade the hasty inattentive reader, may be considered typical of not a little of the reasoning which has hitherto sufficed to confirm "convinced free traders" in their faith. Of Lord Brassey's own genuine convictions there can be no doubt. He belongs unreservedly to the group of resolute adherents of our present fiscal policy. But these zealous enthusiasts for the maintenance of the *status quo* have become so sure of the sufficiency of their creed in all circumstances which they can conceive that they appear to be negligent in scrutinizing arguments employed in its behalf. They are so certain of its unimpeachable verity that they have felt no doubt that the facts must support and cannot contradict it. If on some rare occasion they seem to do the latter, the fault must lie in a wrong interpretation, and not in the theory or policy, the wisdom and completeness of which is brought into question.

In some such spirit Lord Brassey surveys the fifty, or, as he states on the title-page of the second edition of his pamphlet, the "sixty years of progress" enjoyed since the repeal of the Corn Laws. Wherever he looks he finds evidence of progress, such as has fallen to the happy lot of no other country in the

world in anything like the same degree ; and that progress he attributes to our fiscal policy. If exceptions be noted, they are few in number and trifling in extent. Reasoning of this optimistic character is not necessarily scientific investigation. Lord Brassey, like other "convinced free traders," does not realize the essential conditions of the inquiry. The possibility of the conflicting or co-operating influence of other causes must be recognized : and an attempt should at least be made to measure these forces, before the residual effects, attributed to free trade, can be distinguished. Mr. Gladstone, in an article to which Lord Brassey refers, attempted this difficult task ; but even the discrimination which he reached would fall short of the stricter criteria now imposed on statistical research. Lord Brassey himself cannot be said to have undertaken even the preliminaries of this necessary work. The continuous trend, again, of the movement of trade should be traced through a period so long that the disturbing influences of special years, or even of particular groups of years, are eliminated. The results of such a process can be made intelligible to the ordinary eye by graphic representation. Lord Brassey attempts no such representation, and, indeed, he seems too frequently content with comparisons extending only to a few years, or even embracing no more than two single years contrasted with one another. Like some other recent writers and speakers, he produces with triumph the large figures of our trade during the last few years. But he takes no notice of the possibility, which in a systematic inquiry should be borne in mind, that the recent increase, to which these figures testify, may mark one of the recurrent booms of prosperous business familiar to students of credit cycles, or be partly due to the deeper cause, detected by inquirers like Jevons, beneath temporary superficial fluctuations of prices. The augmented output of gold, especially from the mines of the Transvaal, may be now producing that rise in prices which theoretical reasoning would expect ; and it would be a curious instance of the irony of fate if free traders, installed in office, should, by their action on the vexed problem of Chinese labour, contribute to check or limit a force the consequences of which

furnish an argument employed by themselves for the maintenance of our present fiscal policy. Nor, once more, does Lord Brassey attempt that analysis of the bare figures of imports and exports which a complete investigation postulates as a preliminary to accurate deduction. Some separation of manufactured goods from raw materials must be made by the scientific inquirer, however arduous and even unsatisfactory the task may prove. Lastly, he is content to demonstrate the present superiority we possess in the magnitude of certain of our trades over powerful competitors like Germany and the United States, and to dismiss as a negligible consideration the comparative rates of speed at which we and they are now advancing. But the present quantity per head of population of our exports will not suffice to reassure the sceptical; and Lord Brassey's statistical data in this as in other respects need a more discriminating and searching analysis than that bestowed upon them in his pamphlet. He is so absorbed with admiration of the past that he is not seriously troubled about anticipation of the future.

And yet it is here—in a forecast of the destiny awaiting this country in the years to come—that the crux of the fiscal problem is found. The fateful question is not so much whether we can look back on fifty or "sixty years of progress," whatever proportion of that progress, on a rigorous inspection of detailed facts, should be properly attributed to our past fiscal policy alone, but whether the signs of the present and the omens of the future do or do not warrant grave apprehension, that an obstinate adherence to our system of free imports will place our undefended manufacturers at an increasing disadvantage compared with their protected rivals in other countries. With regard to this important point the optimistic Board of Trade Reports, quoted with satisfaction by Lord Brassey, hardly do more than hint that the competition of Germany and America has hitherto proved less formidable than might have been anticipated. The prospects of the future, however, require a full examination, and for the crude conglomeration of statistical material of multifarious character and unequal value, such as that collected by Lord Brassey, should be substituted a careful sifting of the relevant

and decisive data from those that are inappropriate and insufficient.

Into this somewhat loose, and certainly unscientific handling of facts, figures, and opinions, Lord Brassey may, I think, have been betrayed by the easy confidence which he, with many others, reposes in the convincing character of free trade theory. He evidently believes that the weight of economic authority inclines decidedly to the side which he supports, and he would therefore feel a genuine surprise if the ascertained facts did not accord with the theoretical assumptions. With a similar lack of judicial impartiality M. Yves Guyot, in the vigorous essay already quoted, assured that free trade invariably brings benefit, and that protection always causes harm, assigns advance wherever he discovers it in a protected industry to some factor different from fiscal policy, and traces any injury which may befall businesses immune from the assistance or restraint of tariffs to any influence rather than free trade. If America and Germany have prospered under protection, that has been, he holds, a hindrance to them rather than a help, and with a freer fiscal policy their advance would have been more rapid and more sure. This attitude is really a survival of an obsolete pattern of "correct" opinion rather than a typical sample of the mode adopted by the latest exponents of economic science; and it is notorious that French economists of the antique school have been more rigidly orthodox in their views on *Laissez faire*, whether in fiscal or in other matters, than their contemporaries or predecessors in this country. And yet in some degree this old-fashioned habit continues to infect recent contributions to the fiscal question offered by English writers, fully acquainted with the best developments of theory, and anxious to discuss their subject in a scientific spirit. Some able and persuasive articles in the last few numbers of the *Edinburgh Review* may serve to illustrate and justify this criticism.

The clever and instructed author of those articles uses the language and adopts the reasoning of the most modern exponents of economic principles. He even employs with ingenuity and effect the technical formulæ of mathematical economics; and

with the aid of this elaborate apparatus he attains conclusions which are apparently destructive of the leading arguments adduced by tariff reformers. He seems throughout to be judging the particular contentions which he examines by the exact standards of impartial science, and not to be applying the crude tests of political polemics. And yet the observant critic, familiar with the methods and the diction of the text-books, will discover by close scrutiny that some of the conclusions reached by this dexterous arguer are implicit in the premisses with which he starts. For, in order to assist analysis, the formal statement of economic principles, now as in the past, frames and employs the general conception of individuals,¹ competing unrestrictedly ; and, if freedom of exchange thus constitute the basis on which the theoretical reasoning of the expositor is made to rest, we should expect that his conclusions, so far from conflicting with free trade, would justify the adoption of that fiscal policy. In this sense only economic theory might be held to show the validity of free trade dogma. Thus understood, free trade could be described as the economist's policy. Starting with this implied assumption, logical consistency leads necessarily to the correlative conclusion, and any other consequence would indicate a flaw in the reasoning process ; but the conclusion is warranted, because it was implicit in the premiss, and from the reasoning process itself derives no further guarantee of truth. And yet the subtle influence exerted on the mind of the professional reasoner is so insidious that we cannot be astonished that the amateur is more completely brought under its powerful sway. Both are equally disposed to think that what has really been assumed for theoretical convenience has been actually established. They do not discern that they have virtually been "arguing in a circle." This illusion takes possession of such clever writers as the author of the articles contained in the *Edinburgh Review*, and of such able and informed economists

¹ It may be noted that the prominence given to margins, and marginal factors, in modern economics may be said to presuppose the free competition of such minute individuals that they might be compared to the atoms or "electrons" of the physicist.

as Mr. A. C. Pigou in his *Riddle of the Tariff*. We cannot therefore feel surprised that popular exponents like M. Yves Guyot and Lord Brassey yield willing and entire obedience to its peremptory demands.

Perhaps the most characteristic example of this unconscious influence may be found in the common employment in the fiscal controversy of the contrasted epithets "natural" and "artificial." To this failing tariff reformers have shown themselves liable, as well as convinced free traders. They sometimes urge that the end they have in view is to restore those "natural" relations between the competing manufacturers of different countries, which have been affected prejudicially by the erection of "artificial" barriers on one side of the exchange in the form of tariffs. This, they maintain, has caused "artificial" inequality, and they now seek to redress the disadvantages thus occasioned, and to replace the rivals on their "natural" footing. The different links in this chain of argument may successfully stand the test of a criticism which attempts to prove that they are not consecutive; and the practical conclusion to which the argument conducts may be necessitated by the reasoning and desirable on its own grounds. But the use of the expressions "natural" and "artificial" is unfortunate. And when, again, tariff reformers urge that it is not their purpose to raise prices "artificially" in the home market, but to secure that foreign goods dumped upon these shores should not be sold below their "natural" cost, they may correctly represent their action as in real accord with Cobden's principles and policy; but, like him and his followers, they bring into the debate terms belonging more appropriately to a philosophical creed, which was once generally accepted but is now no less commonly discarded. The expressions "natural rights," "natural liberty," the "law," or the "state" of nature, were formerly the fashionable furniture of speculative inquiry among thoughtful men, and were adopted by reforming statesmen as the appropriate framework of maxims for safe guidance in practical affairs. But modern philosophers have freed their reflections from the restraint of these particular associations, and political administrators have abandoned their implicit faith in

the healing virtues of the principle of *Laissez faire*. The interference of Government in trading matters is no more "artificial" than is its very existence; nor can free trade claim any substantial superiority to protection on the ground that it is by contrast "natural." A fiscal policy should now be judged according to its suitability to actual circumstance, and not by its conformity to the hampering requirements of an obsolete conception and a misleading phraseology.

From subtle temptations such as these, a close contact with Mr. Balfour's searching dialectic may act as a preservative, although neither in his speeches, nor even in his pamphlet, is there much explicit reference to the considerations just put forward. But his utterances are calculated to engender in the thoughtful student scepticism of the explanations offered by established theory of the unwelcome and awkward facts of the business world in which it is our present destiny to live. They may supply a needed discipline for confident free traders, who have entertained no doubt of the assured completeness of their creed. They afford the opportune equipment for vanquishing inveterate prejudice. They serve as an effective solvent of hardened persuasion. And thus they may discharge the useful preliminary service of preparing the way among the educated for the subsequent conversion of the populace. They have nevertheless the "defects of their qualities." It may, indeed, be questioned whether Mr. Balfour does not see even more minute distinctions than those which baffled the opponents and perplexed the followers of Mr. Gladstone. Readers of the *Life of Henry Fawcett* will recollect a characteristic episode when that brave but not profound economist showed the disgust with which he viewed the enigma offered to his definite and decisive mind by the subtle and, as he considered, tortuous workings of his political leader's intellect. And yet the candid student of Mr. Gladstone's public life will be ready to acknowledge that he himself was throughout convinced of the reality of the distinctions which he drew, and that, if he seemed to possess the casuistical dexterity of a theologian, he also preserved a religious fervour of belief in the rightness of his opinions and acts during all the

vicissitudes of his long career. It is probable that Mr. Balfour's dialectical capacity is naturally greater than that commanded by Mr. Gladstone; and he is hardly his inferior in resource. As a metaphysician he is the peer of Mr. Gladstone as a theologian. He can extricate himself from a "tight corner" with a neatness which annoys his enemies. The handling of his rapier in debate shows a skill of fence which is the admiration of his friends. And if he sometimes seems too conscious of the "vanity" of those affairs by which ordinary men are unduly harassed or excited, on critical occasions he can also bring a bold tenacity and serious purpose to the treatment of great affairs. In his case, too, it will hardly be disputed that to his own mind the subtle shades of meaning apparent in his speeches and his writings are very real. Throughout this collection of fiscal utterances it is not hard to trace a general consistency of mental attitude. And, while the hostile cynic may ascribe the ambiguous position seemingly maintained in practice in the last two years to a paramount desire to prevent the disruption of his party, the more generous witness will allow that on such an important question as the closer union of the Empire it would be desirable that no precipitate action should be taken before the mother country and the colonies were permanently convinced that abiding mutual advantage would result. If the preservation of party unity may be too dearly won even by a party leader, the second motive would not be deemed unworthy of a wise and patriotic statesman.

Yet, for electioneering ends, the dexterity which, by general consent, Mr. Balfour has shown in an awkward situation, has, as the event has proved, been doubtful policy. The English people like simple definite convictions clearly stated. They do not understand subtlety or appreciate ambiguity. The honest investigator of the detailed arguments presented in these speeches will probably confess that there is not a little which has seemed, on a first or second reading, to be elusive rather than direct, ingenious rather than perspicuous. That Mr. Balfour does not believe in the Cobdenic creed cherished by convinced free traders will be plainly evident to the casual reader. That he

has for a long time been alive to the necessity of departing from the crippling maxim of "taxation for revenue alone," if the menace offered by foreign tariffs to English manufacturers is to be confronted or removed, must be clear to any one who pushes his inquiries into Mr. Balfour's views for any distance, and is able to appreciate the corroborative force of repeated statement. Nor from the outset of the present fiscal controversy has he concealed his conviction that fuller commercial intercourse with the colonies would be more conducive to the closer unity of the Empire than any other method which seems feasible or is likely to commend itself to the interested parties. Expressions which, taken literally, or interpreted according to their obvious sense, favoured the idea that fiscal reform would become the "constructive policy" of his party, and that the colonial aspect of the question was the more important, might be extracted without difficulty by pressing interrogators, and in some of the earlier utterances indications might be found by those who took the pains to seek them of the admissions made with less reserve in later speeches. Yet, until the publication of his letter of the 14th of February last to Mr. Chamberlain, Mr. Balfour often seemed to withdraw subsequently with one hand what he had previously conceded with the other; and some "free fooders" at least, with good or bad reason, drew sufficient consolation for themselves from what they regarded as statements open to two interpretations.

That Mr. Balfour may have been anxious to restrain the more extreme protectionists included among the reformers of our tariff affords an explanation of his attitude, and may reassure those who have thought erroneously that some return was contemplated to the complex antiquated system which troubled trade without producing revenue in the days before Huskisson, Peel, and Gladstone simplified our customs duties. That he is entirely correct in emphasizing the wide difference which parts the old disputes between free traders and protectionists of the Corn Law period from the present controversy may be gratefully acknowledged by less skilled debaters who know the serious obstacles presented by old associations to new ideas. Yet it

is likely that ordinary men will fail to grasp the conception formed, no doubt with justice, by Mr. Balfour of himself as a "free trader," when they note that in the next breath he avows, without any sense of inconsistency, a resolve to abandon the tradition of "taxing for revenue alone." Mr. Balfour, in fact, employs the term "free trade," not in the common, superficial meaning which it bears in daily parlance, but as it should be understood by thinking men who penetrate below the surface. This may be an exacter phraseology and a more just and profound conception, but it seems likely to mystify the vulgar and dissatisfy the courageous and outspoken. It may easily produce the impresssion of a halting attitude; and until recently Mr. Balfour certainly appeared as if he were reluctant to give practical effect to his avowed opinions.

He seemed as if he wished to postpone the announcement of a positive decision between different routes which might be pursued in departing from the limits set by the maxim of taxation for revenue alone, and in reaching the goal where the barriers of the hostile tariffs of foreign nations would be lowered or overthrown, and the closer union of the British Empire by commercial intercourse would be established on a basis of mutual preference. He appeared as if he were inclined to delay his advance along what was thought by more impetuous, if not more convinced, reformers to be the direct and obvious road, and to be hesitating at what points he should successively arrest his progress, and for how long an interval he should pause before he took a further step. This unwillingness to be definite may be due to a constitutional fineness of discernment, which is beyond the capacity and appreciation of men who can recognize only broad distinctions, and will approve or disapprove only of plain professions of opinion, and decisive lines of action. For a man of Mr. Balfour's temperament it may seem at once the wisest and most honest attitude to adopt. But, as the event has shown, it is not good electioneering; and tariff reformers, determined to arrive without unnecessary delay at their destination, and believing not merely in the final efficacy, but also in the urgent need of the policy they have espoused, may

congratulate themselves that Mr. Balfour and Mr. Chamberlain have now agreed on a lucid and succinct enunciation of the common opinion which they hold and of the identical programme of future action which they have determined to fulfil.

It is an illustration of the curious caprice of fate that the more comprehensive policy of reform, stated at the outset with characteristic courage by Mr. Chamberlain, and maintained throughout his propaganda, is obviously less exposed to some of the gravest dangers attributed to protective action by free traders than the occasional negotiation which Mr. Balfour has regarded with greater favour. For it may be urged with cogency that a low general tariff, based on broad known principles of common application, tends to minimise the risk that the representatives of different industries should engage continually in dexterous intrigues in order to persuade a Government to accord advantage to themselves, in which other traders either will not share at all, or will not participate to the same extent. This practice of "lobbying" is a conspicuous feature in the highly coloured pictures drawn by convinced free traders of political corruption prevailing in those countries which in their systems of taxation depart from the simple and secure consideration of revenue alone. Its magnitude has probably been exaggerated, and the evil where it exists may be traced in smaller or larger measure to other causes. And it must be remembered that the entire exclusion of every factor but that of the provision of revenue alone, even from fiscal systems like our own, is a visionary ideal rather than a practical reality, and that different interests may make their influence felt, whether it be or be not corrupting, on other departments of governmental action besides those concerned with the arrangements of a tariff. Yet, allowing the possible presence of this danger, it still remains probable that greater opportunity for such intrigue would be afforded by occasional negotiations with particular foreign countries, occurring at irregular intervals, backed by the menace of retaliatory duties placed upon special commodities. This probability would be lessened under the established system of a general tariff, the arrangements of which would presumably

be known to all and would affect in common every manufactured article.

Classification may, of course, be introduced in such a tariff, but from the necessity of the case it must proceed on some broad principles; and although, no doubt, difficulties will sometimes arise in the neighbourhood of the border-line separating one class from another, yet the adoption and observance of certain general principles, which *ex hypothesi* are not concealed, must operate *pro tanto* to curtail the greater scope afforded for undue influence, when governmental action is dictated by no large and fixed considerations, but by the accidental circumstances of the passing moment. The one policy is regular and systematic; the other would presumably be prompted and directed by occasional opportunism; and it can hardly be doubted which presents the wider opening for unscrupulous manipulation. The injury done by the old customs tariff obtaining in this country before the reforms of Huskisson, Peel, and Gladstone, was due especially to its minute and multitudinous complications. They brought into business a harassing and bewildering element of insecurity; and tariff reformers of to-day, with the benefit of that experience behind them, are not likely to repeat the old error. This is perhaps the chief reason why it is misleading to infect contemporary discussion with associations raised by repetition of the terms employed as battle-words in older controversies. Gladstone in 1863 finished the long series of reforms in our fiscal policy, thought of by Pitt, commenced by Huskisson, and continued and developed by Sir Robert Peel; like his predecessors, too, he aimed at simplicity. Later experience may have shown that in the end he made the tariff too simple for the provision of the revenue required to meet an enlarged expenditure. But complexity is no inseparable part of a fiscal system contemplating other objects besides the paramount aim of raising revenue, and a general tariff can be framed on the broad lines of recognized distinctions, which will offer the minimum of opportunity for rival interests to press their competing claims on the favouring notice of the Government or Parliament.

The existence of a general tariff would seem a necessary preliminary to the grant of effective preference to colonial or imperial trade; for the bestowal of a preference implies the recognition of a difference. But here again it may be noted that, even from the standpoint of a stout believer in free trade, a policy of colonial preference, so far from aggravating, tends to lessen or remove some of the dangers which in his opinion would attach to a departure from the safe and simple principle of taxation for revenue alone. It supplies a guiding and even a restraining motive which is absent from occasional irregular retaliation. The motive furnished is more unselfish; although it cannot be expected that agreements which entail a permanent sacrifice of the interests of either of two negotiating parties will prove to be enduring. But, apart from such considerations, an intention is avowed to enlarge within the limits to which the preference extends the area of free trade; and it is obvious that the exemption of a part of the supply of the article or articles included in the tariff regulations from a portion or the whole of the duties levied is *pro tanto* a removal or a mitigation of the restrictions made. It must, accordingly, in that degree influence the situation for the better, in the view of the convinced free trader. An illustration may appropriately be taken from that commodity which has received the chief attention in recent debates. Every one who studies the position will allow that, if a tax be placed on foreign wheat imported into England, and a preference in the shape of a partial or complete remission of that duty be given to colonial wheat sent to this country, the price, if it be raised at all, will not rise so much as if the whole imports of wheat were subject to full duty. This admission is, it may be noted, separate from the important question, whether the preference would so stimulate the growth of wheat in Canada and elsewhere in our colonies that the total supplies coming to England in the future would be increased and not diminished, and the more permanent consequence would therefore be a fall and not a rise in price. It is also distinct from the possibility that the mere imposition of the tax might prove to be the disturbing cause required so to alter the conditions of supply and

demand as to throw the chief burden, not on the consumer but on the producer, or the transporter, or the dealer, who, to keep his market, would be forced to lower the price at which he was ready to dispose of the quantity he had to offer.

For the moment, it is true, the cry of the "big" and the "little" loaf has proved a useful weapon to political controversialists; and the General Election has brought to Westminster a majority of avowed opponents of alterations in our fiscal system which may fairly be described as overwhelming. Those who think it not amiss that the final decision of so vast a question should not be unduly hurried, and that the public opinion of the mother country should gradually mature upon the methods of promoting closer union with the colonies, will not regret the occurrence of an interval which will allow a calmer and more considerate survey of fiscal change in all its various bearings. Time is palpably required for ancient prejudices to be sapped and overthrown; and the modification in the views of educated circles which has apparently been effected during the last few years is encouraging as an omen. At any rate, it may be said with confidence, in spite of stout asseveration to the contrary, that the fiscal question has not yet been settled. It may, indeed, be doubted whether the most "convinced free traders" entertain the comforting conviction in their hearts which they proclaim with their lips. It is significant that in his speech on the Address in the first debate of the new Parliament the Prime Minister himself announced that one of his followers was at an early date going to initiate a discussion on the fiscal question in the House, and that the Government were prepared to find a day. Such a discussion could be represented as idle and unnecessary. It would seem to be but "slaying the slain." There could be no doubt of the large majority, which, fresh from its victory at the polls, would vote for the maintenance of "unqualified free trade" as the fiscal policy of Great Britain. And if, as ministers and their supporters should consistently believe, there was no likelihood of the continuance in the country with any chance of real success of an agitation which had been defeated, it would seem a wanton

waste of valuable time, needed for the furtherance of the reforms demanded by an expectant electorate, to devote a sitting or more to a debate upon this topic. Academically viewed, it would not seem to be debatable, and certainly it was not immediately within the sphere of practicable politics. This action of the Government may therefore be justifiably construed as evidence of some misgiving on their part respecting the conclusive settlement of the question by the Election of 1906.

In 1907 the next Colonial Conference will meet; and it is possible that the colonial premiers will once more express approval of the principle of fiscal preference as a feasible and desirable mode of promoting that fuller commercial intercourse between the mother country and the colonies which would in their opinion conduce to the closer union of the Empire. They may perhaps again put forward a request that the British Isles should follow the precedent set by numerous arrangements made for mutual preference between many of the colonies, and should respond to the preference granted by them to British goods by bestowing in return a preference on colonial goods entering Great Britain. If this be their attitude what, we may ask, will be the response of our new Government? Will they meet these overtures with a decisive negative, and feel compelled by the verdict recorded by the British electorate at the polls, to which they owe their advent to office, to give what hostile observers may describe without exaggeration as a rebuff to colonial aspirations? Or will they depart in less or greater degree from their previous position of absolute negation? Or will they perchance discover some other happier and more successful means of advancing that fuller commercial intercourse which the colonies have unmistakably favoured as the most promising step to the closer union of the Empire? That the repetition at the next Colonial Conference of the resolutions passed at previous gatherings in support of mutual preference may produce a delicate or awkward situation, which in spite of good will and propriety may have its risks, can only be ignored by those who think that the colonies have no real or lasting wish for preference. This possibility can hardly be ignored by

those who hold that the colonies are not prepared now or in the future to make concessions of value in such relaxation of their tariffs as to permit the entry of British goods in appreciably larger quantities into their markets, though the position may perhaps be viewed with more equanimity by that small number of sanguine but unobservant persons who believe that a preference given to colonial food products in British ports would not be of sensible advantage to all the self-governing colonies. In any event the recurrence of the Colonial Conference is probably destined to revive rather than silence the fiscal question. And if the colonies do desire preference, as tariff reformers in this country think, they may perhaps be fairly expected at this juncture to discard, in some measure at least, the scruples they have properly felt about interference in our electoral quarrels. At any rate they may take legitimate means to let their wishes be unmistakably made known to the present administrators of the English government, and through them to their constituents. Otherwise there is some danger lest the chance of completer imperial union should vanish by default. The colonial is unquestionably the most urgent aspect of the fiscal problem, and its pressure in the next few years is likely to be felt with more rather than less intensity.

Nor in this country itself are the fundamental causes, which have raised the question into prominence, likely soon to disappear. It is a fond illusion, cherished by some convinced free traders, that the controversy can be ascribed entirely to the gratuitous action of Mr. Chamberlain. Lord Brassey, indeed, does not share this mistake. Such an opinion is a handsome, if reluctant, tribute paid to the capacity and force of a remarkable individual, and it is of the same type as that which has traced the exceptional results of the Birmingham elections to the influence of the same single dominant personality. But although Mr. Chamberlain, by his dauntless energy in engaging and persisting in a task which, by the opposition it aroused, might have frightened any ordinary politician, has obviously given a great stimulus to fiscal reform, the movement itself rests on a larger and more permanent basis than that furnished by the

resolute zeal of any single statesman, however able, far-sighted, or experienced. The pressing need, for instance, of an enlarged revenue must continue to perplex Chancellors of the Exchequer, confined as they are at present to a few taxable commodities, however great be their consumption. The hopes entertained of reducing the total national expenditure are more sanguine than practicable; and if more or less substantial economies are effected in some directions, they are not unlikely to be balanced or exceeded by the increased expenditure imperatively asked in others. Revenue considerations may in fact compel a departure from the rule of taxing for revenue alone. Nor does a sober, candid survey of the present tendencies of the fiscal policy of foreign countries warrant any reasonable hope that hostile tariffs are likely to be lowered in the immediate or even in the more distant future. The cosmopolitan leanings which favour free trade are not now in the ascendant, and the twentieth century, as Lord Rosebery remarked, seems not unlikely to witness a repetition of the struggle for trade which stimulated national ambition and inspired foreign policy under the mercantile system. The contest for the possession of neutral markets is likely to grow more, not less intense; and the problem whether a free-importing country can hold its own in trade when its competitors have one and all erected or raised to a greater height their hostile protective tariffs, will not, it is clear, be deprived of its due consideration.

What its final solution may be the future alone will show; but it is at any rate certain that it will become increasingly difficult to apply with any satisfaction a theory based on the conception of individuals freely competing with one another to the practice of industrial and commercial societies where monopoly and combination, whether entrenched or not behind tariff walls, play a more conspicuous and important part. For the satisfactory handling of this enigma we require something more than the unscientific medley of opinions, facts, and figures collected with creditable assiduity by so biassed an investigator as Lord Brassey, and something more than the searching but negative dialectic applied with such unerring and relentless

skill by Mr. Balfour to the assumptions of Cobdenic reasoning. Nor, finally, can the impatient rejection of its consideration by the majority of the British people at the Election of 1906, when the issue was to some extent at least confused by the introduction of extraneous questions, and perhaps still more prejudicially affected by the absence of a single plain programme of reform put forward in common by the leaders of an united party, be reasonably held to have ended its discussion. It seems more probable that we are now at the commencement of a struggle which may engage attention for many years to come.

L. L. PRICE.

THE CLAIM OF CHRISTIAN SOCIALISM.

THE *Commonwealth* has once more raised the question that is at the back of the minds of all Christian Socialists. It asks, "Is socialism Christian?" and it answers the question in the only way that it can be answered, by a paradox. For at the very centre of Christianity socialism is at once affirmed and denied. It seems to be affirmed by the equality of all men in the Kingdom of Heaven: it seems to be denied by the acceptance of the human and social *status quo* in the Incarnation. Christian Socialism, as Maurice said long ago, is a protest against "unsocial Christians and un-Christian socialists;" but the form of its protest is quite as much a denial as an affirmation of the identity between Christianity and socialism. On the one hand we are compelled by Christian sincerity to include the whole scheme of society within the rule of Christian law; on the other, we acknowledge in Christian verity that we are not concerned ultimately with any system of society, or any scheme of social reform.

This balanced attitude is a real difficulty to many Christian Socialists, who feel themselves much better fitted for the active furtherance of one point of view than for the careful study of truth, which is commonly twofold or manifold; it gives an easy opportunity of attack to those ardent reformers who think little of thought, and would fight with obsolete or untried weapons rather than take trouble to choose the best; and it is sometimes a source of genuine disappointment to those who regard Christianity as the one hope and inspiration of social improvement. But it is necessary to remember that this difficulty is not peculiar to Christian Socialism, but common to Christianity as a whole. The doctrine of the Three in One is a difficulty to those whose ardent instinct it is to exalt out of

due proportion the presence or work of either of the Three Persons of the Holy Trinity; the doctrine of the Incarnation is a stumbling-block to those who have come to know Christ primarily as Man, or primarily as God; and the history of Christian dogma as a whole shows it to have been a constant assertion of a balance between those contrary aspects of the truth which, when developed logically and in isolation, became heretical. This quality, then, of equilibrium between erroneous extremes is essential to Christianity, and therefore also to Christian Socialism. And the question that arises is not whether we are to go back upon the history and experience of the Church, but whether it may not be just in this equilibrium that Christianity affords the safest ground and soundest criterion of social reform.

First this must be clearly stated—that a state of balance or equilibrium need never be, as is commonly supposed, merely negative. The equilibrium maintained by a cyclist is much more than a negative mean between falling off on this side and on that: it is something positive and powerful in itself, giving new and wonderful opportunities of motion. And, in the same way, Christian dogma has established its claim to be positive and powerful over all the heresies between which it has balanced itself. So that there is no reason for casting doubt on a doctrine which establishes an equilibrium between unsocial Christianity and un-Christian Socialism: such a position is true, and strong, and permanent. And I believe that this equilibrium is just what is most needed by socialism in this as in every other age; and that to supply it is more than anything else the function of the Christian Social Union.

I have prophesied that the equilibrium maintained between opposing errors by Christian Socialism will be found the safest ground and soundest criterion of social reform. My business is with present and future movements towards social improvement; and I conceive it granted that reformers are and will always be in sore need both of principles of action and principles of judgment. They will need to initiate wisely, and they will need to discriminate between good and bad, true and false. And

it is the claim of Christian Socialism—this is my present contention—that it supplies the only valid principles both of action and judgment. The ultimate question, in fact, is one analogous to the problem of price in political economy: as there the aim is to strike a balance of values between the producer who asks too much and the consumer who offers too little, so here either extreme in any group of ideas is likely to exaggerate its own value, and the problem is—What is this idea worth, or what that? and how can we strike a positive balance between them? What is the value of this system, or what of that? and how is the equilibrium to be established that is powerful and true?

There are a number of aspects of the social problem in which this question might be asked, and the answer to it illustrated: it will be enough to choose one or two of the most important. The first that claims attention is that ultimate paradox which I have already mentioned as being bound up in the doctrine of the Incarnation. About this something more must be said.

Those of us who profess Christian Socialism must feel impatient sometimes with the narrow scope of action which it seems to offer us. It is so easy to deal only with tradesmen who are on the local "white list;" it is such a small thing to eat our food off leadless glazed china; in "the weightier matters of the law," temperance, and housing reform, and the problem of unemployment, we seem so helpless and ineffective. And then it is that socialism comes to us with its deeper questionings and more radical reforms; we are tempted to think that our ineffectiveness is due to superficiality, and that if we would only go to the root of the matter, and threaten the foundations of society, our task would at once become much easier. We ask, perhaps, as the writer to the *Commonwealth* asks, "Is it not only the tacit withdrawal of questions of private and public property from the sphere of influence of their creed which enables professing Christians to contend that the monopoly of the means of production by individuals is right?" Is it not, in fact, only because we are half-hearted inconsistent Christians that we are not whole-hearted consistent Socialists? And, however we may answer this question, no one can doubt that here

Christian Socialism becomes real and important, and that here at last it is at close quarters with the real problem it has to solve. Preferential trading, leadless glaze, and the rest of our socialistic activities, are the froth on the surface: below is the deep current of socialism that we must either stem or follow. Socialism challenges the whole shape and system of society; is not this challenge to be echoed by Christianity?

On the other hand, as against this challenge, we have other claims to set that are not less valid. It is quite certain that those who turn to the Bible for definite schemes of social reform, or even for disapproval of the social *status quo*, with all the evils that it seems to involve, will be disappointed. The actual teaching of Christ, as recorded in the Gospels, moves amid the ordinary circumstances and cares of life with a wonderful detachment from social or economic controversy; there is matter as well as spirit in the teaching, but the matter is all irradiated with the spirit; there are the germs of all social reform, but of its actual forms nothing. And the same thing holds good of the Christian life of the early Church, in the light of which the Gospels were written, and should therefore be read. The communism of the first disciples was a limited and temporary arrangement; their recognition of the ordinary claims of society, and their obedience to Roman law, was permanent and universal, so long as it compromised no essential Christian beliefs. Christ during His life on earth had accepted society as He found it; Christ, living on in His Church, accepted Greek civilization and Roman imperialism. Christ denounced "that fox" Herod as a man, but said, "Render unto Cæsar [as ruler] the things that be Cæsar's:" so the Church could at once hate Nero the anti-Christ, and "fear God, honour the King." Even that wonderful chapter of St. James, blazing with all the fire of the prophets, is a warning to the irresponsible rich, not a manifesto against capitalism. "Go to now, ye rich men, weep and howl for your miseries that shall come upon you. Your riches are corrupted, and your garments are motheaten,"—there is more pity here than condemnation. "Behold, the hire of the labourers who have reaped down your fields, which is of you kept back by

fraud, crieth: and the cries of them which have reaped are entered into the ears of the Lord of Sabaoth,"—there is, indeed, a definite social grievance, but there is no suggestion of social reform. And the conclusion to which the whole passage leads is, "Be patient, therefore, brethren, unto the coming of the Lord." It is not contended that the Church has never questioned the bases of society, and never busied itself with social reform. When the need has arisen, the Church has not stood aside, or tried to limit the regenerating work of Christ. But it is probably fair to say that in all such cases the work has been done from the side of character rather than of conditions, and has been based upon a socialistic spirit, not upon a socialistic system.

Here, then, is the first and widest sphere in which a principle of equilibrium is called for. Christianity must challenge the whole nature of society: yet Christianity is not concerned to attack or defend any social system. We should be wrong in going to either extreme—whether that of unsocial Christianity or that of un-Christian socialism. We rightly demand a mean or balance between two exaggerations. But we demand a mean that shall be positive, not negative; a balance that is not a compromise, but a real basis of social regeneration. This balance, I contend, is supplied by the cardinal doctrine for which the old Christian Socialists fought, and for which the Christian Social Union stands to-day—the doctrine that the main causes of social embarrassment, and the main elements in the social problem, and the main bases of social reform are spiritual; that the factors of most importance, whether to make or to mar, are character and conduct: in a word, that what matters most is men. Maurice taught this more than fifty years ago:—

"To set trade and commerce right," he said, "we must find some ground, not for them, but for those who are concerned in them, for *men*, to stand upon."

And through half a century of half-hearted and half-witted reforms, the world has been coming back to the same opinion.

This doctrine does not ignore the obvious effect of conditions upon character—they are pitifully apparent every day, everywhere; but it refuses to believe that character need succumb to conditions: it shows how fine a character is nourished by adversity; it has an infinite belief in human possibilities. And it is convinced that in the proper understanding and application of spiritual factors rests the only hope of social regeneration. As Professor Peabody has expressed it, contrasting the Christian Socialistic with the merely socialistic standpoint—

“The socialist philosophy finds in economic transformation the cause of character; Jesus counts on character to bring about economic transformation. The one plan builds up social life from below, the other derives it from above. The co-operative commonwealth is to rise out of a new arrangement of production; the New Jerusalem is to descend out of heaven from God.”

To believe in men, to educate men, not merely in one part of their nature, but in the whole of it as it bears on social life, and to work through men for men,—that is the method of Christian Socialism. And I maintain that this is the only method that is both applicable to the whole field of social reform, and also truer and deeper than any social system. The Christian Socialist does not “tacitly withdraw” any part of the social arrangements from the application of Christian principles; he insists upon their being applied in the only sense in which they can be applied: and he claims that he is the only social reformer who sees life whole and sees it true; and therefore also the only one who has in his hands the right remedy for social disorders. With this weapon he can challenge the whole of society without attacking or defending any social system. This is the key of the position for a Christian Socialist; it is for this that he fights; it is thus that he “claims for the Christian law the ultimate authority to rule social practice.”

To have gained this position is to see further issues opening out, where there is the same exaggeration of extremes, and the same need of a positive equilibrium between them. Such, for instance, is the discussion of the nature of the disorder which besets society; such, again, is the question of the best

sort of remedy ; and both these are based on the further problem of the nature of man considered as the subject of socialism. As regards each of these points, Christian Socialism has something similar to say. The sickness of society is not merely physical, and not merely a nervous breakdown : there is fault enough in obsolete forms and dead conventionalities ; but the peculiar harmfulness of these comes from their alliance with weak wills and low ideals. The proper remedies will be, not merely the draughts and powders of social legislation, and not merely a social rest-cure of lay sermons and the *Economic Review* ; but something compounded of both, and flavoured with what neither can possess alone, the whole spirit of Christian Socialism. And this regenerating aim must rest always upon a just and scientific understanding of society, upon the conviction that it is neither made of machines nor of disembodied spirits, but of men,—simplest and most mysterious of beings,—men who have bodies as well as souls, who have “parts and passions,” and beastlike desires and dreams almost divine,—of whom we can say nothing better or wiser than that “the reasonable soul and flesh is one man.”

But there is another aspect of the whole question which must now be raised. This balance or equilibrium that we believe in should not only dictate a present policy, but also provide a future sanction,—and that in the form of a criterion between good and bad—something by which we can “try the spirits” of social reformers, whether they are true or false.

In this respect the needs of socialism are the same as the needs of Christianity. Few people nowadays defend the old view of the Church—the view that the Apostolic Age laid down once and for all time the limits of development, and that nothing in organization or ritual can be tolerated that cannot be proved out of the Apostolic Scriptures. All serious champions of the Church take up their stand upon a theory of development ; the Church is regarded as inspired “at all times and in all places” to develope its inherent life, with constant adaptations to those times and places : and the truest life of the Church can never be an archæological nucleus of faith and practice, but

rather the most complex development, the adaptation that is most alive. This is a true theory. And yet it carries with it its own destruction, unless there be also a safeguard provided, by which it may be possible to distinguish a true from a false development. For obviously the latter may appear. Nothing but the necessity of proving the Roman position could make Newman ignore the possibility of bad development, and Loisy accept all the results of it. To the unprejudiced mind, every analogy suggests the possibility of degeneration, and demands a remedy for it; and the great intellectual task before the Church at the present moment is to set up a valid criterion between true and false development. That work has not yet been done; but the broad outlines of it seem fairly clear: "Other foundation can no man lay than that is laid, which is Jesus Christ;" and the test of true development in the life of the Church must always be its fidelity to the type of the Incarnation. For false development, whether in doctrine or in ritual, means the exaggeration either of the human or of the divine, the form or the spirit; but true development will, in every adaptation to place and time, still preserve the due and divine proportion of them both.

Granted that this, or something like this, is the ultimate criterion which the Church must apply to the various developments of doctrine and practice within the sphere of religion, we have to consider its further applicability to the sphere of social reform. There is, of course, at the outset this to be said, that there is nothing in the history of social reform quite comparable to the inspired development of the life of the Church. But there is enough likeness in the two cases to point to the need of a similar criterion of values. For it is undoubted that the forms and theories of society have developed upon lines that can be traced from age to age. Socialism has a scientific basis in history. For all their changes, men are still men: that bare fact gives the security of identity underlying every difference, and of a constant undercurrent of development. Nor will it be disputed that this development has issued, and is still issuing, in various forms of social doctrine and ritual which most urgently

need to be tested by some valid criterion. The great need of our day is not so much to frame new schemes, as to discriminate between those already framed, and so to form some idea as to the lines upon which social reform is most likely to be successful. At all costs we must "try the spirits," whether they are true or false, temporary or permanent, local or universal. No one now maintains that the patriarchal nucleus is the permanent type of society; the test "*Quod semper et ubique et ab omnibus*" has also, as in the theological sphere, broken down. Development is accepted in the fullest sense; and the provision of a standard of value, or a test of development, becomes as truly the essential problem of socialism as it is of Christianity. Or, to put it rather differently, the ineffectiveness of our social reforms is not due to lack of zeal in those who carry them out, but to the disagreement of those who frame them as to their ultimate aims. "Reform for reform's sake," has become almost as popular and quite as misleading a cry as "Art for art's sake." Nothing is more needed than the sober conviction that we must first agree as to what needs to be done, before we set about doing it; and that the usefulness of particular measures will depend almost entirely upon the worth of their underlying ideal.

The particular issue upon which disagreement is most fundamental, and for which a criterion is most urgently needed, is that in which the religious and social problems are most alike. As in Christology the heretical tendency was to exaggerate the human at the expense of the divine, or the divine at the expense of the human, so in social dogma reformers are sorely tempted to rely exclusively upon material changes, or exclusively upon spiritual growth, either of which by itself is an exaggeration and distortion of one side of the truth. And as in the religious sphere the true standard and relation was preserved in the Incarnation, so it is in the social sphere. This is the claim of Christian Socialism, that we have in our hands, or can make our own, a true pattern according to which all social reform must be made, a type of the true relation between matter and spirit, soul and body, that is of universal application and absolute authority. As Christian Socialists we claim that one scheme of social reform

is wrong because it ignores men's bodies, and another because it ignores men's souls: we believe that the commonest cause of disaster is the refusal or the inability to treat man as he is—that is, to treat him as a whole; and we demand that every measure should be brought as far as possible into tune with the Incarnation. And we go further than this. We say that the Incarnation is the one perfect measure of social reform; that it has been passed once for all; that it holds within it the solution of every social problem; and that our work is not so much the invention of new cures, or the stirring up of new energies, as the application, through all the channels and agencies of society, of a cure that is already at work, and the outpouring of a vitality that is already burning within us. Once and for all, the work *has* been done; once and for all, society *has* been regenerated; once and for all, every problem and question of it has been solved, every pain and evil has been piled in the scale, and weighed against Christ, and found wanting. Our task is not to conquer but to secure the fruits of a victory already won.

This, then, is what we find. There is one paramount need in modern socialism—the need of a standard of value; it is needed for practice, and it is needed for judgment: and in each case it seems to be supplied by the essential doctrine of Christianity, the Incarnation; for that, and that alone, forces us to recognize, both in practice and in judgment, the due proportion of body and soul, the beginning and end of all society, man as he really and truly is. And the real man is neither the “economic man” of Mr. Ricardo, nor the bodiless bundle of emotions of the revivalist, but simply man as God knows him, man as Christ died for him, man read in the light of the Incarnation.

Here is the great power and truth of the Christian Social position: it forces us back from fantastic dreams of what might be done, if men were this or that, to the naked facts—here is a man; what can I make of him? And there is no limit to what we can make of him, if we study him, and educate him, and work through him and for him in the wisdom and power of the Incarnation; because in the Incarnation his “case” has been once and for all “investigated,” and the best way of dealing with it

devised; and not his case only, but the case of the whole world. So at the end we return to the old question. Is the Christian Social position really more than a compromise? Does it provide an equilibrium that is positive and powerful? Has it all the power of socialism and all the sanction of Christianity? Does it not only extract the good from both extremes, but also go beyond both in its appeal and power? Is it, what all true means are, in form a mean, in spirit the extremest possible extreme? Certainly, unless it has these qualities, it is not the solution of the social problem that we are looking for, nor the kind of cause to inspire social reform. And this is just where, to so many people, the Christian Social position seems to break down. Every lecturer for the Christian Social Union has found his audience force him back at the end to the simple question, "But what do you *do*?" And although he may be, and must be, quite sure that the Union is doing what most needs to be done, yet he finds it very hard to explain how Christian Socialism is the most practical belief in the world.

Two things, however, he can always say, both entirely to the point, both wholly practical. First, he can point out that membership of the Union in no way prevents a man from being a keen politician or social reformer, but rather insists that he should be so. The Union belongs to no party, and puts forward no programme; but it aims above all things at making its individual members do both these things. Trade Unionism, tariff reform, education, old age pensions, and the rest, are "open questions" to the Union; but it insists that its members should have any opinions about them rather than none, and be enthusiastic in a wrong cause rather than indifferent about all. Christianity never asks a man to give up any interest—except selfishness. And by putting the law of Christ in place of the law of self it makes him tenfold more a man than he was before—a keener politician, a more zealous socialist, a more thoroughgoing reformer.

But the second thing to be said is even more important. The root of the objection to Christian Socialism is that so few people believe in the value of thought, or the power of belief. They

see a complicated machine, and think the wheels do all the work; they look at an elaborate organization, and imagine its essence is pigeon holes and red tape; they worship the statesman of the hour, and think it is his gifts of eloquence or businesslike capacity that has brought him to success; they have no apprehension of the big things in the world, the things that move and inspire it—the steam, and the enthusiasm, and the high ideals. Yet it is just for these things that Christian Socialists stand: for a real understanding of man as he is, and a true interpretation of his needs; for an unswerving loyalty to the best methods of reform; and for an unfailing hope in the ultimate regeneration of society. And in all these respects they try to concentrate on the influences that really make or mar the world. The engineer is not unpractical who tries first to increase the heating surface and raise the steam pressure of his boiler; nor is the socialist unpractical who thinks that by improving social character and raising social ideals he can best work for the efficiency of the whole social machine. He does not for a moment belittle the work of those who try to improve all the contrivances of valve and piston and crank-axle, through which the power of social reform is applied to drive the machine; he only denies that this work is more practical. His way is the way that all great movements and all great reforms have come about, for it is the way of Christ. If he were alone in his conviction he would still be certain of it; but he is sure that the best experience of the world is on his side, all the really wise men and all the really practical. So he fights on.

J. M. THOMPSON.

THE PROBLEM OF THE UNEARNED INCREMENT.

THE advent of a Liberal Government, pledged to a programme of constructive social reform, representing in itself almost every section of the Progressive Party, and receiving its impulse from a vast body of opinion which unites in insisting on important internal changes, heralds a period of political activity such as the country has not seen for a generation. Whether the question be one of housing, or land reform, unemployment, education, or old age pensions, a considerable increase in some branches of the national expenditure must be faced. The question of ways and means will be a vital one. The practical success of the reform movement depends on the solution of the problem of finance. The fate of the Government is largely in the hands of the Chancellor of the Exchequer, inasmuch as it rests with him to supply the means without which the Government's programme cannot be effectively carried out.

Among the many plans that have been proposed, with a view to replenishing the Exchequer, considerable importance has been given in some quarters to the "unearned increment" in land values. The vast increase in the accumulated wealth of the country, together with the rapid growth of ground values in certain localities, has given colour to the belief that in the unearned increment the Chancellor of the Exchequer may find the wherewithal to meet the coming demands upon his purse. Unduly sanguine expectations can only lead to chilling disappointment. It is therefore desirable that the extent and accessibility of this "gold mine" should be defined as clearly as available information admits.

Little objection is now raised to the abstract principle that values created by the people rightfully belong to the people. It is commonly urged in opposition that the principle applies equally to the increased value of all commodities, so far as the

increase is due to demand outrunning supply; or that it would be unjust to appropriate the *increment* due to the movement or growth of population, without at the same time making good the *decrement* due to similar causes; or, finally, that, attractive as the principle is, it is impossible to put it into practice. The answer to the first of these objections is found in the fact that the land is both *absolutely limited* in quantity and *absolutely essential* to human existence, qualities which distinguish it from every other object of human desire. As regards the second point, the objection is so far true that, if the State determined to appropriate the whole of the unearned increment, it could do so only by actual acquisition of the land itself, taking over not only the possibility of future advantage but also the burdens and contingent liabilities of the landowner. In a country whose land values are steadily increasing, this objection loses its force, provided the State leaves a substantial part of the increased value in the pockets of the landowner, and contents itself with a percentage only. As to the assumed impracticability of the proposal, the object of this paper is to suggest the lines on which the answer to this question may be sought, and to estimate the financial result of such a measure.

Practical proposals on the subject of the unearned increment may be divided into two main classes—the Non-retrospective and the Retrospective. The former leaves in the hands of the existing landowner all the unearned increment that may have accrued to him up to the present moment, and deals only with future increments. This proposal has the merit of comparative simplicity, and avoids much acute opposition which the other provokes. It involves the determination of the present value of the land apart from the capital expended on it, according to such method as may be adopted, and it implies a periodical reassessment. The increase, if any, shown by such reassessment is the unearned increment for the purpose of taxation. Thus—

							£
Present, or original, value	..	..	..	..	..	..	1000
Value on reassessment	..	..	..	..	..	..	1200
Unearned increment (to form the basis of taxation till the next periodic revaluation)	..	..	..	..	..	..	200

The second, or retrospective, proposal follows the same lines as the foregoing, but, in addition, takes note of unearned increments which have already accrued to the present owners of the land. Although this proposal would provoke much opposition, it does not in itself violate any canon of justice, nor would it take from any man as unearned increment a single penny that he had himself expended. Where the land has recently changed hands by purchase, or where its value has not increased since the last purchase, no unearned increment has accrued, and the question is confined to future accretions. Where the present owner purchased the land within (say) fifty years, the difference between the original cost to him and the present value (if greater than the former) represents an unearned increment which may equitably form the subject of taxation. In many cases, however, covering by far the largest part of the land to which this proposal would apply, the property would not have been acquired by *bonâ fide* purchase within the past fifty years. Great landed estates change hands by marriage or bequest, but seldom by actual sale; and as the original grants date back for very long periods, it would in such cases be impossible to ascertain the "original cost." The simplest, and on the whole (in view of the great increase in the value of land in the past fifty years) the most equitable proposal, would be to adopt as the original value of such lands one half of the present value. An exception may perhaps be made in the case of agricultural land, as will be explained later.

In concrete form these proposals may be shown as follows:—

Case 1.—A. purchased land in 1905 for £1000. Present value, £1000. Unearned increment (till the next periodic revaluation), nil.

Case 2.—B. purchased land in 1870 for £500. Present value per assessment, £1000. Unearned increment, £500—the basis of the tax chargeable till the next valuation.

Case 3.—C. possesses land valued now at £1000. He received it by bequest from his father. It has not changed hands by purchase within the past fifty years. Original value for the

purpose of taxation, £500. Unearned increment, £500—the basis of the tax chargeable till the next valuation.

Agricultural land reached its maximum value about the year 1880. Since then it has steadily declined, the present value being about three-fourths of the value in that year. For this reason it would probably be desirable to omit agricultural land from the operation of case 3, and to confine that proposal to urban land, which has greatly risen in value in the past fifty years. The value of urban land throughout the country has increased about threefold in that period; so that, after allowing for new buildings, the proposal to take the original value in such cases as one-half the present value is not unreasonable.

Whichever of these proposals be accepted, the problem of valuation still remains. On this point the following suggestions are offered:—

(1) So far as the unearned increment is concerned, mathematical exactness in the method adopted is of relatively small importance, provided the same method is adhered to at successive revaluations. As the *difference* between two values is the subject matter of taxation, the margin of error would be small. Where the rating of site values is dealt with on the same valuation, a more rigid estimate would, of course, be essential.

(2) The value should be calculated, as far as possible, from certain known elements of value, such as rent, or recent purchase. To avoid litigation and expense, reliance on professional valuation should be reduced to a minimum.

(3) So-called “ground rent” must be ignored. The ground rent on a house is no measure of the rental value of the site. It is merely a rent-charge on the whole property, and is quite arbitrary in amount. In some cases house property finds a readier market if offered at a low price with a considerable reserved ground rent. In other cases the price is large, and the ground rent correspondingly small.

(4) The present site value must be ascertained from the rental value of the whole property, deducting therefrom the present value of the leaseholder’s interest in the buildings, and an

estimate of the sum expended by the site-owner in developing the land and preparing it for building.

(5) The present value of the property to the site-owner is not alone measured by capitalizing the rent. In estimating the unearned increment, account should strictly be taken of the value of the buildings which will accrue to him at the termination of the lease, and of premiums paid for its renewal.

As a matter of practical convenience, however, with a view to utilizing the assessment both for unearned increment and rating purposes, it would be desirable to omit from the valuation the site-owner's accruing interest in the buildings, and to make a separate charge upon him when such interest is realized on the termination of the lease.

(6) It is of the first importance that the method of valuation be simple and free from confusion. Complexity in matters of taxation is a standing invitation to friction and fraud. It is better to sacrifice something of exactness if simplicity can be thereby attained. For the present purpose it would be of advantage to estimate the value of the property at so many years' purchase of the current rental value, a moderate number being taken to obviate hardship to the taxpayer. The material for such a valuation exists in the income tax assessments (Schedule A). The gross assessment shows the yearly rental value where the owner bears the expense of repairs and depreciation. These burdens are estimated for income tax purposes at one-sixth of the rent for buildings, and one-eighth for land. The net sum represents the owner's income from the property. Twenty-five years' purchase would not be an excessive valuation, remembering that the value required is the continuing value of the property, and not the value of the leaseholder's diminishing interest in property held under lease. To avoid the complication of the net Schedule A assessment, it would probably meet the case if twenty years' purchase of the gross Schedule A be taken. This would have a special advantage, as shown later in dealing with the incidence of the tax. It would be desirable to avoid the net Schedule A assessment for the further reason that the one-sixth allowance for repairs is not strictly equitable, except

where the buildings (to which the repairs refer) form a fixed proportion of the total property (site plus buildings) on which the allowance of one-sixth is based. This uniform proportion does not exist. The adoption of the gross Schedule A avoids this source of injustice.

A few illustrations may perhaps make these proposals clearer than a mere verbal description.

Case 1.—Ground let on lease for ninety-nine years; house built thereon at cost (including development of ground) of £400; let at yearly rent of £30.

								£
Rent £30, at 20 years' purchase	..	..	..	..	..	..	..	600
Cost of buildings	..	..	..	..	..	..	..	400
Site value	..	..	..	..	..	..	..	200

Same property after twenty years; rent £36 :—

								£
Rent £36, at 20 years' purchase	..	..	..	..	..	..	..	720
Cost of buildings	..	..	..	..	..	..	..	400
Site value	..	..	..	..	..	..	..	320
Unearned increment	..	..	..	..	..	..	..	120

Strictly speaking the unearned increment should include an increasing interest in the buildings; but, as suggested above, this item might be left till the lease expired, when a separate charge could be made in respect of the buildings which accrue to the site-owner.

Case 2.—Business premises, ninety-nine years' lease; rental value, £60; building cost £600 :—

								£
£60, at 20 years' purchase	..	..	..	..	..	..	..	1200
Capital outlay on buildings	..	..	..	..	..	..	..	600
Site value	..	..	..	..	..	..	..	600

Same property twenty years later; rental value, £120 :—

								£
£120, at 20 years' purchase	..	..	..	..	..	..	..	2400
Capital outlay	..	..	..	..	..	..	..	600
Site value	..	..	..	..	..	..	..	1800
Unearned increment	..	..	..	..	..	..	..	1200

Same property ten years later; buildings taken down; new buildings cost £2000; rental value, £200 :—

								£
£200, at 20 years' purchase	..	..	..	..	..	..	..	4000
Cost of buildings	..	..	..	..	£2000	}	..	2100
Original cost of laying out the ground, say £100	..	..	..	..	£100		..	
Site value	..	..	..	..	..	..	..	1900
Unearned increment over first valuation	..	..	..	..	..	..	..	1300

There is nothing in the above calculation which need present much practical difficulty. The only item open to much error is the cost of buildings. An approximate estimate would be quite sufficient for the purpose, as the same figure appears in each valuation, so far as the unearned increment is concerned; while for the more exact purposes of site rating, the local assessing body could estimate with sufficient accuracy the cost of the buildings, subject to such evidence as the owner could produce.

In one instance, the Schedule A value, as at present assessed, might need modification. Land that is ripe for building is frequently held back and let for grazing or some other casual purpose. The assessment under Schedule A is based upon the rental value at which it is worth letting for the purpose for which it is actually used. For the present purpose the rental value should be the value at which it is worth letting for any purpose for which it is suited, and for which there is any demand. Thus, such a piece of land may be let for grazing at £10 a year. It would be assessed under Schedule A on £10. It may, however, be ripe for building, and be in demand for building purposes at £50 a year or more. In this instance it might be necessary to ignore the Schedule A value; or, better, to alter the present method of assessing such property for Schedule A purposes. If the Schedule A assessment is left on its present basis, the State will still obtain its share of the unearned increment when such increment becomes a fact, either on the sale of the property or on an increase in the rent. If the property is sold, the tax will fall upon the original owner in the shape of a smaller selling price, consequent on the certain prospect of the tax; while it will enter the coffers of the State in the form of a yearly tax, payable by the new owner of the land. A valuation based upon the existing Schedule A assessment would, however, not meet the case of the rating of site values.

It is sometimes suggested that the landowner should be left to assess himself in connexion with the taxation or rating of land values, the State reserving power to rate or purchase the land on such valuation at its discretion. There is an air of retributive justice about this proposal which has attracted considerable support. It is, however, exceedingly objectionable, whether for rating land values, or taxing unearned increments. It not only regards human infirmities as a possible source of advantage to the State, but it does actually provide an easier opportunity for the exercise of illegitimate personal influence than does the ordinary method of assessment. The present routine should be adhered to. Returns should be made by the taxpayer, and be considered by the assessing body. The latter should then make assessments to the best of their judgment, such assessments being subject to appeal to some competent authority.

A more difficult question, from an administrative point of view, lies in the problem of collection. From whom should the charge be collected; and, if not from the ultimate site-owner, how should the intermediate payer recoup himself? This point may be best understood by regarding the incidence of the tax, and considering who enjoys the unearned increment.

Case 1.—At the passing of the measure A., the site-owner, receives £10 a year ground rent from B. under a lease of ninety-nine years. B., the leaseholder, occupies the premises. The first revaluation shows an increase in the rental value from £30 to £36, the tax on this increment amounting to, say, £1. Should the £1 be borne by A.? No part of the unearned increment is realized by A. in this period; nor can A. realize it by selling the property, inasmuch as the contingent liability to the tax will diminish *pro tanto* the selling price. On the other hand, B.'s yearly advantage has increased by £6, the basis of the tax on the unearned increment. This advantage B. may realize by letting the premises at the increased rental. During the continuance of this lease, it seems equitable that the tax should be borne by B., who enjoys the advantage. At the end of the lease the whole tax falls upon A.

Case 2.—In the above instance B., instead of retaining the occupation, lets the property, just prior to the revaluation, to C., at the increased rental of £36. Here C. pays a yearly rent equal to the full present value of the property, and therefore enjoys no unearned increment. If the £1 is collected from him, he therefore deducts it from B. B., who does actually enjoy the whole existing unearned increment, accordingly bears this tax as in case 1, having no power to deduct it from A.

Case 3.—In case 2, B. sublets to C. for £34 some time before the revaluation, which gives the rental value at £36. Here B. and C. share the present enjoyment of the unearned increment. C., the occupier, pays the tax. The unearned increment being based upon the difference between £36 (the present rental value) and £30 (the rental value at the time of the first valuation), C. deducts from B. the proportion of the tax represented by the difference between his rent (£34) and the said £30.

A similar process would take place, however many sub-leases there might be, or whatever form those sub-leases might take; and in the result the tax would fall upon the persons concerned exactly in proportion to the share of the unearned increment they enjoyed.

Case 4.—The lease having expired, A. takes possession, and lets to a yearly tenant D., at £36. Here D. enjoys no part of the unearned increment, and therefore deducts the whole from his rent, which is paid to A. A. thus bears the tax on realizing the increment in the value of the site. At the same time A. has become owner of the buildings, worth now, say, £300. On this a separate charge is made, to be paid direct by A.

The demand note and the receipt for the tax should show the original rental value and the present rental value for the purpose of the valuation, so that the amount the payer of the tax might deduct from his rent could be easily calculated.

It may now be possible to form some estimate of the financial result of these proposals. The movement in capital values has been approximately as follows:—

(i.) Agricultural land. The gross annual value, as assessed under Schedule A of the income tax, is taken. The annual

value so obtained is capitalized at twenty years' purchase, to give the present value of the land and buildings thereon. For the purpose of this estimate the outlay on buildings is taken at £5 per acre. Deducting this from the total value previously obtained, we have the following result:—

Year.	Capital value of land, in millions of £s.	Increase in five years, in millions of £s.	Decrease in five years, in millions of £s.
1865	1082	—	—
1870	1122	40	—
1875	1178	56	—
1880	1230	52	—
1885	1140	—	90
1890	1004	—	136
1895	956	—	48
1900	892	—	64

This estimate is doubtless open to considerable modification, particularly as regards the amount expended on buildings and improvements. It indicates, however, clearly enough the general movement of agricultural land values. It may be urged that agricultural land possesses a sentimental value apart from its value as an income-producing investment. This element in the market price is certain to diminish as the ownership becomes more liable to interference from the State. Measures of land reform may, and probably will, arrest the marked decline in the values shown; but it is improbable that any unearned increment will appear for many years. The non-retrospective proposal will on the whole produce no financial harvest in the near future; while it might perhaps be desirable to put aside the retrospective method in view of the fact that much of the land is subject to annuities and other fixed charges which already form a serious burden in face of falling rents.

(ii.) Urban land. The annual value of land and buildings for income tax purposes is taken, and capitalized at twenty years' purchase. Of dwelling-houses the great majority lie between the rental values of £20 and £40, and the average capital outlay on the land in such cases is taken at £300. Of other buildings the average rental value is about £15, and the average capital outlay is assumed to be £100.

From this basis we get—

Year.	Capital value of land, in millions of £s.	Increase in five years, in millions of £s.	Decrease in five years, in millions of £s.
1865	906	—	—
1870	1100	194	—
1875	1292	192	—
1880	1580	288	—
1885	1780	200	—
1890	1893	113	—
1895	2070	177	—
1900	2388	318	—

A yearly increase of, say, £40,000,000.

Here, again, the figures are offered merely as a rough approximation, and as showing in broad outline the general movement that has taken place.

(iii.) The values for the Metropolis may be estimated separately. Here the average cost of houses is taken at £400, and of premises other than houses at £300. On this basis the capital value of the land in the Metropolis is about £500,000,000, and the yearly unearned increment in land values about £7,000,000.

The produce of a tax of 2½d. in the £ on the unearned increment is approximately as follows :—

(1) Non-retrospective method :—

<i>Agricultural land</i> (for the present)	.. .. .	£ Nil
<i>Urban land</i>		
Unearned increment at first quinquennial revaluation, about		200,000,000
Yearly tax for subsequent five years, at 2½d. in the £	..	2,000,000
During the second quinquennium the tax would yield	..	4,000,000
During the third .. .. .	.. .. .	6,000,000

and so on.

(2) The retrospective method works out as follows (agricultural land not included) :—

Urban land. The proportion of urban land that falls outside the fifty-year limit is probably much smaller than in the case of agricultural land, but such proportion would include the bulk of the land in the most important centres of population where the greatest increment has taken place.

It is therefore assumed that one-third comes under this head, with this result :—

					£	
Present value	..	..	..	..	2,700,000,000	
One-third ..	..	..	..	..	900,000,000	
One-half of this as original value	..	..			450,000,000	
Unearned increment	..	..	..	..	450,000,000	
At 2½ <i>d.</i> in the £..	..	..	..	..	..	4,500,000

Of other urban land the average period since the last purchase may be taken as twenty years :—

					£	
Present value (⅓ of £2,700,000,000)	..	..			1,800,000,000	
Original value, 1885	..	..	..	..	1,200,000,000	
Unearned increment	..	..	..	..	600,000,000	
At 2½ <i>d.</i> in the £	..	..	..	..	..	6,000,000
Total tax	..	..	..	..	..	10,500,000

The yield during the first quinquennium would therefore be about £10,500,000; and to this should be added for future periods the results shown by the non-retrospective method.

The above statements bring us to these conclusions :—

(1) That the non-retrospective plan, while paving the way for important results to the next generation, is of very little utility as a means of supplying that financial foundation on which alone a programme of constructive social reform can be erected.

(2) That the retrospective method yields a substantial sum for present purposes; and, so far as immediate financial necessities are concerned, is the only one that offers any real advantage.

A. Hook.

AMERICAN RAILWAY RATES.

THE questions, on what principle railway rates should be fixed, and by what authority they should be regulated, are so closely connected with the interests of trade and commerce generally that they are always important; but never more so than now in the United States, where they demand a practical answer, and that at once. The American railway question is most difficult, and it is hardly to be expected that it will ever be conclusively answered, least of all in this article; but it is possible to point out some of the considerations which affect it, and also some of those which do not affect it so much as is generally supposed.

The railways of America have been from the first less hampered by Government legislation or control than those of any other country. Their development has been rather encouraged by the community than restrained; their freedom rather increased than diminished; and the great results of this policy are familiar history. But the effects of unchecked freedom have not all been good; and for some time past the State has claimed and exercised an increasing right to interfere with the free action of the railroads in the public interest. The Hepburn Bill, which at the present time is before the Senate, having been passed by a great majority in the House, may very much increase the State's power of interference—may indeed, unless amended in the Senate, revolutionize the railway policy of America. The position is therefore critical, and has elicited the usual arguments for and against free private action and State regulation in this matter of rate-making. The opponents of State control argue for competition and progress as against stagnation; its supporters, for justice as against monopoly. In either case, much stress is usually laid upon the existence of competition and monopoly, and considerations which follow from these, as determining

the whole question. The one party proves the advantages of competition, the other the disadvantages of monopoly, under the present system : and from these they draw their moral. The purpose of this article is to show that, both generally, and in respect of the United States in particular, neither competition nor monopoly as such is so important as is often thought, and that it is on other considerations that the question, as a matter of practical policy, depends.

The final object is, of course, that rates should be fixed on that principle which is for all concerned the best possible. We must therefore be sure what that principle is. Many books have been written on this question ; but they appear mostly to agree that, speaking generally, and without reference to particular cases, the best principle is undoubtedly that known as " charging what the traffic will bear." ¹ Though this principle is often objected to, it usually appears that it is not the principle in itself, but the abuse of it, against which opposition is raised. " The commonest misrepresentation is to assume that it means charging what the traffic will *not* bear." ² The principle itself is the best, because it is the nearest possible approach to the ideal, which would be a " postage-stamp " or equal rate for all distances. Nothing is more necessary to commerce than a large market ; and nothing enlarges the market more than this practice of encouraging all traffic that can possibly be made to pay, irrespective of geography, relative cost of service, or the maintenance of all established interests. It is for the opponents of this principle to suggest a better.

Now those who argue that the railroads should be left to fix their own rates do so as supporters of this principle ; and they defend for the most part a system of competition, in which alone, they assume, this principle holds good. But what other prin-

¹ It is useful to remember that in the present connexion it is not the *absolute* but the *relative* amount of the rate that is important. American rates may be the lowest in the world ; but that does not lessen the effect of disproportion as between one rate and another. The absolute standard of rates in any country is another question, and is not here considered.

² Grierson, *Railway Rates, English and Foreign*, p. 69, cf. A. T. Hadley, in *Railways of America*, p. 360.

ciple should be followed by a monopoly? (It must be remembered that we are not yet considering the abuse of monopoly, but the honest exercise of it.) A monopolistic, no less than a competing railroad, if it wishes to obtain the best results for its shareholders, will encourage trade as much as possible, simply as a matter of business.¹ Thus any defence of private freedom, on the ground that competition is the only possible inducement to the railroads to encourage trade, is irrelevant. Indeed, it is surprising how much the meaning of "competition" is misconceived. Instead of being ideal, a competitive system is neither normal nor desirable. It is not normal, for railways are essentially monopolistic. The supply of railways cannot be indefinitely increased, nor easily diminished, as that of most commodities can be; it tends to become a fixed quantity, and can thus readily be monopolized. And we find that though in the early days of railway construction, when the demand had not yet been fully supplied, there was free competition, the present tendency is entirely towards regulation of competition by traffic associations or other devices, all of which are by nature monopolistic.² Nor is competition desirable. A state of "free" competition, which means active warfare, is intolerable, and benefits neither the railroads nor the public; and "regulated" competition, in so far as it is regulated, is not really competition, but monopoly. An honestly regulated system is far more efficient than unchecked competition, so that monopoly is both natural and desirable. Again, the argument from competition is not only irrelevant, but weak; for on every railway there are many stations to which there is no competition at all. The argument ignores these entirely; yet the principle of charging what the traffic will bear applies to them as much as to any.

¹ It is, of course, possible at this point to raise the question whether the interests of the shareholders necessarily coincide with those of the public. It is sometimes thought that railways ought to forego their profits in the public interest. But so long as their profits do not give more than the average remuneration for the capital expended, any reduction will only have to be made good, directly or indirectly, soon or late, by the public themselves, who will thus gain nothing.

² Grierson: "Competition on the part of railways must end in combination" (p. 178).

The partisans of state control, on the other hand, who, recognizing the fact that the railroads naturally tend to combine, argue that because railroads are essentially monopolistic, therefore they cannot be left to themselves, but ought to be supervised by the State, are bound to show that monopoly is of itself objectionable. But I have tried to show that it is not; that as a matter of business pure and simple a monopolistic system should treat the public as well as a competitive. To say that trade is at the mercy of the railroads is no argument; for it must then be shown that the railroads are unmerciful. It is necessary to emphasize this point, because some of the controversialists do not seem to realize it. As we have said, they hold the question "Competition or monopoly?" to be the touchstone of the problem; this is the origin of the clause of the Interstate Commerce Act, which forbids "pooling;"¹ and the same opinion finds expression in the prohibition of traffic associations under the Antitrust Act; but it is nothing of the kind; the problem, we shall see, needs other tests than these. While professing to decide it on these grounds, they are compelled to do so in fact by entirely different considerations. Those who oppose public control compare a system of fair and honestly regulated combination with instances of State regulation, in which local jealousies, party politics, or need of revenue, have been allowed to interfere with a department which is essentially neither political nor local. Those who favour it compare an ideal system, worked "by the public for the public good," with cases of private freedom in which that freedom has been abused. Each compares the real with the ideal, to the discomfiture of the former.

Here then appears a new test: not competition or monopoly, but commercial and political honesty or dishonesty. It is not systems, but the use made of them; not theoretical considera-

¹ "*Pooling*" = The division of the receipts at a competitive point between the competitors in a fixed proportion, irrespective of the actual amount which may hereafter be carried by each. But the amount hitherto carried, or which it is thought each line might, in competition, assert its ability to carry, must of course form the basis of the division. Such agreements are usually voluntary, and for a limited period, so that there is still potential competition. The Act, however, regards them as combinations in restraint of trade.

tions, but practical, that are important.¹ Where the standard of commercial morality is low, freedom will be abused, and State control may be preferable; where the Civil Service is corrupt, or entangled in politics, State control is useless. In any country in the world, it is Hobson's choice; absolute honesty is not to be expected, and it is absurd to abolish an existing system only because it is not perfect. It is for each country to decide on the relative advantages of different systems in its own case, and not to lay too much stress on theoretical considerations.² In respect of the present American question, we must ask, How do the railroads use their freedom? Professor Meyer, of Chicago, in an able book on railway rates,³ opposes public control. He therefore treats the present American system as though it were one of honestly regulated competition, which it is not. American railroads are in many respects not honestly conducted. There is a multitude of secret practices by which the railroads influence traffic, which, however necessary they may be rendered by the complications of commerce, at least ought not to be secret; for secrecy in such matters makes possible all kinds of unjust preferences and discriminations which cannot be so justified by the necessities of trade, but only demoralize it. Water competition, for instance, by way of the Great Lakes, for the carriage of wheat from west to east, may very well justify the railroads in reducing their own rates upon wheat, in order that they may not lose the traffic. But that such reductions should be made secretly, and that, to secure this secrecy, vouchers should have to be destroyed and book-keeping manipulated, is not conducting business fairly. The railways are blameworthy, not so much for making the reduction as for failing to publish it, as the law requires them to do. Or again, when two roads compete for traffic coming from a third, with which they both connect, it has not been uncommon for the two former to give commissions to the agent of the latter in respect of any traffic he may influence

¹ Cf. Hadley, p. 363.

² In England, for instance, the undoubted imperfections of the railways under their present management would not necessarily be removed by closer supervision on the part of the Government.

³ *Government Regulation of Railway Rates*. New York, 1905.

in favour of their respective lines. Or a merchant will obtain a rebate by understating his consignment, with the connivance of the railroad, so that he is charged for a less quantity than he actually sends. These are only a few instances out of multitudes that might be given. Such practices are not fair encouragement of trade; they benefit no one, and cannot be too strongly condemned. It is these, not honest encouragement of trade, that call for State interference.

That these abuses are enormously less prevalent than they were is largely the work of the Interstate Commerce Commission. This body is charged with the administration and interpretation of the Interstate Commerce Act, which is the measure of the State's power to control the railroads; it hears claims of all kinds in respect of interstate traffic (intra-State traffic, that is, traffic which begins and ends in the same State, being under the authority of the railroad commissions of the several States), and decides in accordance with its interpretation of the law. It has, however, no power to enforce its decisions; it can only appeal to the courts. Its action is therefore in this respect hampered. The Esch-Townsend Bill of 1905, and the present Hepburn Bill, were intended to increase its power; and it is this increase which by some is so much feared. Professor Meyer, in the work already mentioned, thinks that it would be the end of America's prosperity; that rates would then be fixed, not in the interests of trade, but in that of localities, of sections, of cliques, in fact, on no sound principle at all; and he quotes various decisions of the commissions which seem to be open to question.

Now we may perhaps concede to Professor Meyer that the commission is sometimes inconsistent and arbitrary. That this should be so is due to the intrusion of the same irrelevant theories which we have already noticed, namely, that it is the present principle of rate-making as such, and private monopoly as such, rather than their abuse, that are objectionable. The fact is that the Interstate Commerce Act, which the commission administers, represents two points of view at the same time. It was inevitably a compromise. Some of its supporters merely desired to prevent abuses; others desired State regulation of

rates, or an equal mileage tariff, and were opposed to combination among the railroads;¹ and the Act contains clauses to satisfy both parties. Now, in so far as the commission only regulates abuses, it is entirely admirable, and there is every reason why its power to suppress dishonesty should be made as great as possible. The state of the railroads under free competition was so bad as to be beyond description, and the companies themselves cannot but support the commission in the enforcement of honesty and efficiency. It is really to the interest of the railroads that their business should be honestly conducted, and most of them would prefer that it should be so, quite apart from the influence of the commission; but the dishonest practices of the few infect the many, and some authority is needed to maintain the standard. Moreover, the commission has done an immense amount of good work in the encouragement of such improvements as automatic couplers and air brakes, and in the publication of railroad statistics. We must not therefore accept the impression which Professor Meyer's book gives, that the Interstate Commerce Commission represents nothing but the State's determination to become the sole rate-making authority. But in so far as the commission does represent particular theories of rate-making, it is open to much criticism. For instance, the Act by which the commission is bound relies largely upon competition to ensure reasonable rates.² But competition is not worthy of such reliance; it has been responsible for the worst evils of the American railroad system, and is not theoretically ideal any more than it has been in practice. The commission itself has admitted, with reference to traffic associations, by means of which traffic is regulated, that "it is difficult to see how our interstate railways could be operated with due regard to the interests of the shipper and the railway, without concerted action of the kind afforded through these associations."³ The

¹ Cf. Hadley, p. 368.

² Cf. *Report of Interstate Commerce Commission*, 1901, p. 7.

³ *Report*, 1901, p. 16. Cf. Thomas M. Cooley, sometime chairman of Interstate Commerce Commission, in *Railways of America*: "The best service upon the roads is only performed when they are operated as if they constituted, in fact, parts of one harmonious system."

railways, in fact, do combine as before ; only now, when traffic associations are illegal, they must combine in secret, or by new methods, for legislation has prohibited that very thing which is necessary to the commerce of the country.

Combination doubtless has its dangers. We are told that there are six hundred operating railroads in the States. But how many controlling interests are there ? This tremendous system is practically in the hands of a few men, who hold enormous territories at their mercy, and are more powerful than the State itself to build or destroy cities, to populate new regions or to lay waste the old. This American railway manager, "who, though holding no public office, has been a builder of empires,"¹ is, potentially at least, a national danger ; and in a country where power has so often been abused, those who fear combination have good reason for their apprehension. It may be well, they think, to forego some of the advantages of combination in order to escape its dangers.

Since, then, on the one hand, the railroads are driven to combine, in the interest of commerce no less than of themselves ; while, on the other, the dangers of monopoly have bred in the public mind a deep distrust of any combination, a dilemma arises. If the power of the commission to suppress abuses is not increased, the railroads will be the poorer for the absence of a great deal of wholesome and entirely desirable regulation. But since public opinion holds that, as competition ought not to be maintained, the best method of putting an end to all abuses is to transfer the power of rate-making to the State—that is, to change the system, when it is not the system, but the administration, that is really at fault—it is very probable that if the powers of the commission are increased they will be increased in wrong directions, and the natural development of trade will be hindered by the intrusion of mistaken theories of rate-making. Thus the present proposals, which should confine themselves to the enforcement of fair and open dealing on the part of the railroads, go beyond this. They would give the commission power actually to fix rates, as dis-

¹ Meyer, Introduction, p. xxiii.

tinct from power merely to prohibit unlawful departures from the existing tariff, and would invest it with judicial as well as administrative authority; so that its orders would have the force of law, instead of being, as now, mere expressions of opinion.¹ It is over these attempts to alter the very fundamental principles of American railway policy that the chief struggle is taking place. The railroads maintain that to make the commission so autocratic would be both perilous to commerce and disastrous to the companies. And in this they are probably right. The past decisions of the commission, while not as a rule showing any signs of partiality or prejudice, do show the strength of the great centres of commerce, and the pressure which they might bring to bear upon the Government, when they could gain anything by so doing. The result of the proposed change might very well be to exchange the tyranny of the railroads for the tyranny of the cities; and the latter, being for their own sakes conservative, and opposed to any diversion of trade into new channels, would not readily sacrifice their policy and themselves in the cause of progress. Neither is it at all likely that the State would be able to decide what the interests of trade are, to the extent of fixing railway rates on any sound principle—though there are many who believe that it could.

On these questions of principle, however, the Hepburn Bill is sure to be amended in the Senate, and its most drastic provisions tempered to comparative mildness. But the difficulty will not be finally settled in this way; trouble yet remains for the future;² and in any case the thing to be remembered is this. If there be dishonesty, unfairness, secrecy, or illicit speculation in America now, all these things may intrude themselves into any

¹ In England, there is an appeal from the Railway and Canal Traffic Commission—which is analogous, as regards rates, to the Interstate Commerce Commission—on questions of law, though not of fact. The question of law is of course infinitely the more important. It is proposed to enable the Interstate Commerce Commission to decide questions of law as well as of fact, thus setting it above the Supreme Court.

² If the Bill is wrecked, it will be wrecked on party politics or constitutional questions, not on public opinion, which remains hostile to the railways.

system. The transference of power from railroad officials to Government officials will not of itself endow the latter with honesty. The strongest part of Professor Meyer's argument is his demonstration of the bad results of State interference in certain other countries. And we have only to look at Italy to see that State supervision is no infallible remedy. If only it were realized that there are two questions—one, Which is the best system? and the other, How can the abuse of any system be prevented? and that these questions are quite distinct, and cannot be content with a single answer between them, the American railway question would become, if not easy, at least simpler than it is now.

H. G. A. BAKER.

NEGLECTED OPPORTUNITIES OF CO-OPERATION.

VERY opportunely, at a time when in the political world new forces are coming to the fore and leading national policy into paths of broader social economy, does British co-operation appear to be preparing for a similar new departure on identical lines. There are indications which seem to show that our much-admired bird is wearying a little of its monotonous plumage and seeking for new and more becoming feathers. There can be no doubt that the closer relations cultivated with foreign movements, thanks to the useful impetus given by the International Co-operative Alliance, are in great part accountable for such altered disposition. Co-operators' eyes have been opened, and co-operative minds have been made aware of the existence of things of which they had no inkling; the general horizon has been widened, and aspirations have been raised and multiplied. It is not a mere accident, probably, that at this year's Co-operative Congress "Co-operative Developments at Home and Abroad" are to form a foremost subject of discussion, with a view, as another circumstance suggests, to making British co-operation benefit by the comparison. How ready our co-operators are for some new development, Mr. Maddison has well pointed out in a recent number of this very *Review*. Hercules is tired of spinning; Alexander, having thoroughly appropriated one world, is sighing for more worlds to conquer. And since "humdrum" distribution, as Mr. Maddison puts it, which has worn out his patience with its everlasting buy and sell, "divi" and "overlapping," has none to offer, Alexander, in the persons of certain would-be Pitts and Foxes, casts longing eyes upon those green benches at Westminster, and begs that great Co-operative Union, which is ordinarily so submissive to his call, to convert itself for the occasion into a pocket constituency, to lift him the

more conveniently into power, instead of leaving him to fight his own way up, as Mr. Maddison and Mr. Vivian have done, on purely personal grounds. Co-operation, fortunately, has met this request with a decided "no," followed by an even plainer rebuff, when, disregarding its judgment, the rejected suitors set themselves to canvass societies singly, and as a result obtained promises from only two societies, which went the length of offering the magnificent, but not quite sufficient, joint contribution of £7. There are so many good people who, having been called to the noble office of an apostle, have been tempted to exchange it for the dazzling but short-lived notoriety of a Theudas or Barabbas, that one cannot be very much astonished at the preference given in this instance to dress in place of gold, to contentious politics in place of the noble cause of raising mankind, to which the would-be legislators are pledged, and which has as little legitimately to do with politics as had the "Khaki" programme of 1900 with "tariff reform." The blunt and decided answer given by that army which alone could provide the *testudo* on which to raise our men aloft, ought to settle the matter for good.

Let our friends forget the tempting mirage, and turn their eyes back from glittering politics to plain, useful co-operation, and they will find that there is plenty, and to spare, for them to do there, enough to tempt even the boldest Alexander; work of a kind which promises to secure them a nobler and longer-lived reward than that political warriorship for which they have been longing. Indeed, the fields are white to the harvest. There is work waiting to be accomplished in all quarters, social good to be done, misery to be extinguished, an entire working class to be raised, very much beyond what the useful but at the same time necessarily narrow scheme of distribution can achieve. And people are looking for such work. The mass of our co-operators, however patient, have remained true to the Rochdale programme. They value distribution, in which Great Britain has attained well-merited and brilliant pre-eminence. But they look further. They know that the best part of the Rochdale programme lies beyond that point, embracing all those good things on which early "Pioneers" have bid them set their eyes,

and many a good co-operator since ; none more so than the great leader who has been called away since the last number of this *Review* was issued, and who throughout his life at all times kept his view fixed upon those boons which co-operation was to bring to labour—that self-employment, that adequate housing, that settling of people on the land, which have ever been ideal aims to the true co-operator. Possession of the land, the country cottage with its figurative vine and fig-tree, and the Henri IV. “fowl in the pot,” more particularly remain aims which our British co-operators will not forego. Hence the pressure which has of late been put upon the co-operative Olympus, and has caused it to make inquiries as to what may be done in the direction desired, lest Pelion be piled upon Ossa. The scene is accordingly prepared, the land is ready for cultivation. All that is wanted is that the husbandman should put his hand to the plough.

And if, on the one hand, co-operation is ready for the work, at no time, on the other, was the work readier for the doer. We not only talk and think, we actually breathe and dream social and economic reform. Everybody in the present day has prescriptions of his own to suggest, most of which meet with ready acceptance among the would-be recipients of boons, because they simply mean robbing Peter to pay Paul, Paul being themselves. That is a very comforting prospect for Paul, but it amounts pretty much to what is popularly known as killing the goose that lays the golden eggs. Time was when we thought only of production, not of division of that which production produces, so that the “predominant partner” in industry pocketed nearly all the gains, and the subsidiary partner was left with a bare pittance. Public conscience, as Lord Goschen has recently put it, has awakened—and we now fly to the other extreme, thinking only of “division,” and leaving production to take care of itself. There is supposed to be a cake which only wants cutting up into slices, of which every one is eager to have the biggest, without any thought of a new cake to be prepared for to-morrow’s meal. No country, not the wealthiest, could expect to live upon such a policy. Co-operators are far too well trained in economics

to fall into this common error; all their principles and aims point distinctly the opposite way. They, at any rate, after the education which they have given to themselves, will readily understand that a poor person fed and looked after in a Coronation Street settlement, educated and trained to activity and thrift, will issue from his meal a far more valuable citizen than the tramp just fed, and then left alone, in a public soup-kitchen; that a septuagenarian who has by co-operative methods laid by what will sustain him in honourable independence through the last period of his life is a more creditable product of the nation's economy than the scratch recipient of a State-paid old-age pension, which, as Australian experience shows, generally goes to the least deserving; that a working man employed by humane and business-like co-operation will do himself more credit and be a more valuable asset to the country than a poor wretch employed on costly but utterly useless "relief works;" that a co-operative settler on the land, maintaining himself by co-operative means, will be a more useful and productive citizen than a man just "put," as Canon Jessop expressed it at a recent British Association Congress, "on a wheelbarrow, carted on to the land and left there" by State agency. Co-operation enriches but never by taking from others. It divides freely, or should divide, giving to labour its full due; but what it divides it first produces. Accordingly, never was there greater need for its guidance, never had it more useful work to do, never was it more necessary to the nation than just at present, when there is an unwieldy mass of distress to deal with, and everybody is willing to give help, though only very few know how help ought to be given. Co-operation does know; it can give, can create, can emancipate, without robbing. Its proper place is in the van of the regenerating movement; and there is plenty of work for it in that position, without any resort to politics.

Then what are the most urgent points on which, taking a fresh leap, co-operation is to cast itself, to reclaim and to improve?

"The poor," alas! it has still with it. What a reproach it must now seem to many who have had the moulding of co-

operation in their hands to hear the wail of the unemployed, to watch them wending their way in dismal procession to Hyde Park or Westminster, to hear of the "thirteen millions of underfed and starving" who figure familiarly in political argument—"men in buckram," of course, but of whom only the number is an exaggeration! Why, all this need, distress, want, and "unemployment," as it is now called, was just what co-operation was intended to correct! Is there any one in the co-operative movement who will deny that if we had begun starting "Coronation Street" and "Kingsland Road" settlements not two or three, but twenty or thirty years ago, and multiplied them all over the country, if we had encouraged and furthered self-employment as we might have done, if we had turned such means as we possessed to account for settling people on the land, and supplying them with working capital by means of agricultural banks,—the condition of things must have been widely different; that there must have been less distress, and that distress perhaps less acute; less overcrowding in the spheres of employment, and correspondingly less unemployment? The facts are too glaringly plain to admit of any challenging of the conclusion. How sad to have to own, as has been done by one of the principal spokesmen of co-operation, that instead of doing this noble work, co-operation has contented itself with making the "well-to-do artisan" better-to-do, while leaving the poor as outcasts to take care of themselves!

Well, but since that spokesman spoke, something, at any rate, has been done. The women, coming opportunely on the scene, with all their feminine devotion, resolution, and self-denying perseverance, have taken the matter in hand—in the right way too and the right spirit. All honour to them! "Coronation Street" alone, to my mind, is of greater value than a round million added to the trade in a successful year of trading. It does not fill the cash-box, but it places a good deal to the credit of co-operation, and is bound to raise it in the estimation of the public, and more specifically of its best friends. It was sad news indeed to hear that "Coronation Street" was to be closed. It is sad to think that it still remains so. However, it is

satisfactory to add that Woolwich, Hull, and Bristol have taken up the cause, and are working manfully to further it.

There ought to be a "Coronation Street" to every society. It will be much the best, now that the women have so successfully shown what co-operation can after all accomplish for "the poor," to leave the matter in their hands. No one will do it better. Only their work will have to be supported with funds. Oh, but that will spoil the balance-sheet! Not much, for not much is required. And it will be only for a time; for poor co-operators will in course of time by the usual process grow into well-to-do, and become supporters instead of claimants. The filling up of Chat Moss paid in the end, because by such means a foundation was provided for the railway. And then, I should like to ask, what were co-operative profits intended for? To make shares a highly paying investment, like shares in a South African gold-mine? Or to further a good cause? Within reasonable limits, which no one will wish to see exceeded, the cause has the first claim upon them. Their object is to provide funds for the realization of the co-operative programme, which is, as Holyoake put it, to get rid of "the last pauper."

Leaving this work to the women, let us look at another point. Co-operation has succeeded magnificently in towns. Not in all, it is true. Its rather stereotyped methods do not suit all populations. But, generally speaking, it has prospered among townsmen. However, the country still remains, co-operatively speaking, a desert unreclaimed. There is no co-operation there except what bodies like the Agricultural Organization Society gradually introduce for purely agricultural purposes, which I do not wish here to consider, at any rate otherwise than as subsidiary to social objects; and except what one or two painstaking and enterprising town societies, like that of Lincoln under the enlightened guidance of Mr. McInnes, or like that of Woolwich, are labouring to extend. For the Rochdale Pioneers, however, the country was the chosen province of enriching and emancipating action. It was in the country that working men were to find their permanent comfortable little homes, set in their smiling gardens; there "the valleys were to stand so thick with

corn, that they should laugh and sing." Land settlement was the ultimate aim of the Pioneers. And can we reasonably suppose that while they desired to settle townsfolk upon the rural acres, they wished the village-born labourers to remain an unconsidered race of helots, condemned as of old to their insufficient house-room and their eleven or thirteen shillings a week? Nobody in the whole wide stretch of the kingdom requires co-operation more than do these poor sons of toil. They ought to become the very first independent or semi-independent settlers, because nobody understands settling as they do. Experienced land-settlers abroad are unanimous on this point. Our poor tinkers and tailors and candlestick-makers, whom a well-meaning but quite incompetent colonization society provided with small holdings, who planted their potatoes in July and sold their standing crops of tares for half of what they were worth, would have done materially better if they had had some native sons of the soil to guide them in their farming. These labourers of the land ought to be settled first on the land. And in order that they may be so they ought, just as working folk have done in towns, to begin with distribution, which is, in fact, the great root-stock of all subsequent co-operative developments. To these men and their generally numerous and hungry families, sixpence saved every week, or a pound laid by in the course of a year out of their thirteen shillings a week, is of far greater importance than a larger saving is to the much better paid men in the town.

The difficulty is how to establish distribution among them. Among a sparse, poor, insufficiently educated population, with few wants, distribution does not "pay." Well, I think that on this ground, as among the urban "poor," co-operation ought to be prepared out of its handsome surpluses to make some little temporary sacrifice. It will all come back. And however businesslike the arguments against this may sound, co-operators cannot get rid of the fact that the object here aimed at is one plainly avowed in the Rochdale programme. And to this object they should remain true, or they will lay themselves open to very just censure. But I do not ask for very much; for by the light of experience we find—what, indeed, familiarity with co-

operative principles ought to have taught us without such a practical object-lesson—that where one service by itself proves insufficient, its combination with some other service will make it self-supporting. There may be co-operation among different classes of work as well as among different persons. Thus the great Raiffeisen Union of Germany began by rigidly separating agricultural supply from co-operative credit. If both objects were to be served, there must be two societies, although, perhaps, composed of the same men. Experience has shown this to be a mistake in small parishes; and the leaders of the movement have learnt the lesson and combined the two, after which both have done better. The same societies hold themselves open, likewise, to add distribution as a third service, if it should be required; and some societies actually practise it. Generally speaking, however, the German governments set their faces against distribution in rural districts, as involving damage to the traders' interest, and a possible loss of votes. However, in Eastern Switzerland, where credit seems as yet little required—since it is provided in another way—the local agricultural co-operative societies have long since fastened upon distribution, that is, upon the sale of ordinary household articles, as the proper complement to the supply of agricultural requisites. And they prosper greatly—far better than other agricultural co-operative unions in Switzerland, which have ruled distribution out of their programme—and accomplish a vast amount of good.

The extension of co-operative distribution into country districts appears to me of such supreme importance that I was anxious to have the system of those Swiss small cultivators, which is, to my mind, by far the most useful lesson that Swiss co-operation has to teach, well explained and put before the co-operators of all Europe assembled at Budapest. It was a serious disappointment to find barren controversy substituted for wholesome simple instruction; the latter would not, it is true, have served equally well as a foil to dialectic power, but it might have done an immense amount of good. The disappointment was to me all the greater since, our Co-operative Union being committed in Switzerland to alliance with middle-class town co-operation,

which is hopelessly at loggerheads with country co-operation, there seems little prospect of our British co-operators visiting the rural societies when they do go to Switzerland. I have described the happy change which co-operation has brought about among these small cultivators of Eastern Switzerland more than once—as long as twelve years ago in the *National Review*, in connection with another co-operative institution well established there, which I ventured to commend for imitation to our new parish councils, then about to be formed, namely the *Caisses Thurgoviniennes*, which by an all-parish co-operative arrangement—not by any means “municipal socialism” or subsidies—provides funds for the purchase of cattle, the number of which it has substantially increased. We find the same craving for co-operative distribution among our own country-folk in this kingdom. Not long ago our organizer brought to us—that is, to the Agricultural Organization Society—a message from the small peasantry of Heathfield, in Sussex, that they were quite willing to form an *agricultural* co-operative society, as we desired, if we would promise that it should deal in domestic articles as well. Similar bracketing of distribution with agricultural supply has been successfully accomplished also in several of our societies in Wales. Thus distribution has already become in some measure bound to agricultural supply. What a prospect of good work there seems before us, if the Co-operative Union were to unite with the Agricultural Organization Society, or whatever other promoters of agricultural co-operation there may be, to canvass the entire country for the creation of combined agricultural distribution societies! Is this opportunity to be lost?

That, of course, is only one aspect of the co-operative problem in country districts. With the assistance of distributive stores, supplied with goods by the Wholesale Society, the rural labouring population may be expected to improve its material condition, and eventually become an independent peasantry. But we want to go faster than that. We want to settle people at once on the land, as Lord Carrington has settled a couple of thousand families, and Major Poore and Sir R. Edgcumbe a certain

number. There are more such landlords. Sir W. Grantham has created a number of small tenant farms. Co-operation may do the same thing on an even larger scale, and perhaps in a more beneficial way; it may in any case, as Lord Carrington's example shows, help willing landlords not a little in their useful work. Once the small folk are settled, co-operation can do almost anything for them: it can provide them with seeds, manure, feeding stuffs, implements, money, and common workshops for turning their raw produce into more saleable articles; it can sell their produce for them, insure their beasts, build their barns, and so on. In addition, it may give them a village club and institution, and plenty of social and educational advantages besides. There need accordingly be no doubt that co-operation will find plenty to do, and be able to do it well, to the enrichment of the country. But it can *settle* also, and settle well.

Having seen a great deal of small-owner cultivation, I am not disposed to take the view prevalent in this country that tenant holdings are preferable to freehold settlements, as giving the occupier the use of more free money—provided always that there are adequate means for raising money by mortgage. Now such means co-operation has found, even for very small properties, of admirable quality. There are co-operative mortgage societies in several countries, particularly some excellent ones in Germany, the oldest of which, in Saxony, which is purely co-operative, has been at work for just forty years, and has increased its business enormously. As regards settling—that is, the purchase, parcelling out, and reselling of land, to be paid for by small instalments by means of terminable rent-charges—the success achieved by the co-operative settlement societies in Prussian Poland proves its possibility beyond question, because their work has been done successfully, purely by co-operation, and under as adverse circumstances as can possibly be imagined. The Prussian Government, as is known, has raised enormous sums from Parliament for “depolonizing” these Polish provinces, buying up their manor land and settling it with German peasantry. Against such a process, it would have been thought, the Poles were powerless to stand up. But co-operation

enabled them to do so. They gathered their small resources together, formed co-operative societies, and did precisely the same thing as the Prussian Government—only did it better and wholly without State aid. Polish peasants, so one of the leading officers of the German settlement movement, the late President Beutner, frankly owned to me when I visited the settlements, make, under the circumstances, better settlers than the Germans, because they start with fewer needs. That is a point which does not concern us here. But the broad fact deserves to be chronicled and taken note of that, in spite of Government hostility, thanks to judicious and resourceful co-operation, those Polish settlements have proved entirely successful. And the oldest co-operative society formed to promote them, that of Pinschin, recently wound up its affairs, having successfully accomplished all its work, and having cut up an estate of more than 3000 acres into small holdings owned by a contented and prosperous peasantry.

Cannot we do what the Poles have accomplished? There are difficulties, of course, to contend with, more particularly in the matter of title. However, some of these have already been overcome. On one estate in Essex, if I recollect aright, the cost of transfer of the freehold was by co-operative means reduced to a purely nominal charge. Major Poore has cut the Gordian knot by letting his holdings for 2000 years: some purchasers appear to have considered 1000 years not quite long enough. If our land reformers will only urge their County Councils to ask for the application of compulsory registration under the Land Transfer Act of 1897, possessory titles will be created, and the way will be cleared a good deal.

Co-operation has not been equally successful in negotiating collective leases of land. The problem is now foremost among the subjects engaging the attention of co-operators in Italy, where, what with the socialists working on one side and the clericals competing on the other, there is emulation enough to sharpen every wit and nerve to an effort. However, the object there is still most commonly not that of collective leasing to sublet, but to occupy in common, which the fate of the

French *communautés*, the Slav *sadružas*, and even the Italian *partecipanze*, one may say, has proved to be a mistaken aim. Some collective renting for the purpose of subletting has, however, been successfully accomplished, for instance in the neighbourhood of Bergamo. The great hindrance to collective leasing is that, for obvious reasons, landlords look upon co-operative societies as less desirable tenants than individuals.

What has been said about settling applies almost literally to housing also. I do not by any means wish to detract from the merit of what co-operative societies have already done in the matter of housing. They have done a great deal, and it is wholly creditable to them. But there remains a great deal more to be accomplished; and as the need is great, we may as well think of employing that twofold method of propulsion which the Latin proverb describes as "sails and oars."

Quite apart from the American method of "loan and building societies"—which has housed millions with excellent results, in what is, after all, as much a co-operative as a provident way, but which does not appear to commend itself to our British idiosyncrasies, and is certainly disfigured by some defects—foreign countries offer us examples, on the success of which I have more than once dwelt, and which appear the more appropriate to the British Isles, as long training in businesslike co-operation and greater independence of judgment have unquestionably gone far to produce among our working folk that very quality, the frequent want of which in German workmen Landrath Berthold singles out as the great hindrance to a wider extension of the movement in Germany. Even in that country, wherever there has been trustworthy guidance, the method has proved of great utility. German working men entering upon housing ventures are, it is true, apt to be rash and imprudent. But given a well-organized co-operative building association, the originator of this method, Dr. Liebrecht, declares that no borrower can command more ample credit; he himself has gone as far as lending, without scruple or loss, out of the public funds which he administers, up to 97 per cent. of the value of the buildings to be erected.

But here we come to our great hitch. If this method of

housing is to be carried out, there must be funds available. And such funds we have not at present got. Abroad, in Belgium, in Germany, in Italy, and to some extent in France, housing co-operation obtains funds from the savings banks and similar public institutions. With the one exception of France, it has been the principle of the organizers of these savings banks to make the deposits of the working classes available for working-class needs, and to place what was taken from productive use at the disposal of production. The body stepping in as guardian of poor men's thrift has tried to be a guardian and nothing more. In our country things are altogether different. Mr. Gladstone, as he himself avowed in a letter recently published by Mr. John Morley, while legislating for the savings banks, was thinking mainly of the Treasury, and aimed at providing that office with a large supply of money "independent of the market." Accordingly, our poor men's deposits all go to buy Government securities, "draining money from the provinces," as Lord Avebury has put it, or, in Mr. Wm. Fowler's words, "diverting large sums from commerce and agriculture, to raise the price of consols;" and never a penny is available for such pressing needs as setting up houses for the use of the very people who first contributed the money, and who are here "sent empty away." And, unfortunately, on this point all Chancellors of the Exchequer, be they Conservative or Liberal, think more or less alike. In the recent savings banks inquiry Lord St. Aldwyn openly scoffed at the very idea here suggested, and would not even hear of those useful foreign methods being explained, which elsewhere go on spreading fast, on the very ground of their good results.

However, if the Treasury will not part with savings-bank money for such useful purposes, there is absolutely no reason why those who contribute it should go on carrying it to them. They are as fit now to administer and employ it as are the gentlemen in Downing Street and Finsbury, and indeed mere ordinary progress and evolution seem to require that they should now take the matter in hand. Doing so opens to them vistas of immense utility to their cause and to the public good.

What an immense stimulus to that thrift which they were formed to promote must it be if they could, by the moral pressure which is at their disposal, introduce it into every poor household within their reach—and that reach covers a great deal—using such methods as are practised by our “collecting banks,” which snatch up the penny or twopence at the moment when it is earned, before any temptation to wasteful expenditure has presented itself, and which by such means already manage to collect in a little time large sums—about £2000 in Fulham parish, and about £400 in St. Anne’s, Soho! But that is only the educational side. There is another. What is it that the co-operators want to carry their great ideas to brilliant victory, but money—“Capital, capital, capital,” as the late James Hole, the Leeds Redemptionist, put it a few generations ago? And that capital they actually and deliberately part with to an authority which simply impounds it, at a loss to the public, for its own selfish benefit.

We have got so much accustomed to the presence of our savings banks—excellent institutions, indeed, which only Treasury overlordship prevents from becoming more excellent still—that we look upon them as a necessity of nature, and quite forget to ask ourselves what was the object with which they were formed. They were formed to provide the uneducated poor of the time with trustworthy guardians, because they could not trust themselves. They were to serve as an elementary school in thrift, a go-cart and leading-strings for those who could not walk by their own strength. They have served that purpose effectively enough, although showing at every stage of their progress the imperfections necessarily inherent in a method of guardianship and tutelage. Act after Act has been required to correct their defects. Since they were formed, however, our working classes have grown to be men, and are now in a condition to put away childish things, and to look after their own interests.

There can be absolutely no question that co-operative societies as at present organized can administer large funds, and that they will be readily trusted by depositors. This is so already to a not inconsiderable extent, therefore the point

scarcely requires pressing; only the practice should be immensely extended. The mere collection of money could not occasion any difficulty. But difficulty is bound to arise with regard to the employment of this capital and the best way of making it earn interest.

Now, here are employments ready found in plenty, thirsting for money, which, with judgment, can be well laid out in them. And there is plenty more to be done. But let us first think of the employments thus far pointed out—housing and land settlement and the like. Among them they could absorb large sums with profit to the nation. But even co-operative organizations, in whose keeping deposits, as a rule, lie firm and steady, could not possibly lock up very much money in them, unless they had very much more still kept “liquid,” that is, invested in short-term loans, which rapidly repay themselves, and so enable the institutions to face the risk of withdrawal without apprehension.

Our co-operators are so well-to-do that they do not like to be told of any one who might stand in want of a loan. “If I want money I simply withdraw some from my deposit:” that is what I have been told when addressing meetings of co-operators on people’s banks. It is like the little princess who wondered how people could starve when there were such nice buns to be had for a penny. Why should those well-to-do depositors think of any one who had not a deposit, or not a sufficient one! But there is another side to the question. With millions laid up, might you not do an immense amount of good to yourselves? You actually want the money, and for your own sake you must be desirous that it should be properly laid out where it will not all be locked up, as in housing, for an inconvenient length of time. With money to draw upon you can do practically anything. “How much,” Mr. Chamberlain pointedly asked the labour branch of the Tariff Reform League about a year ago, “could be done for the working man if I could offer you £100,000,000 a year more for wages?”

Well, £100,000,000 is just the amount that less than a thousand Schulze-Delitzsch co-operative banks keep steadily in circulation and perpetually fructifying. It is partly employed

in purchasing raw material and implements, but mainly in paying wages, thus enabling German industry to compete so successfully with our own, and keeping German working families in food and dwellings. Is not that an advantage to their working classes? Would it not be the same to our own? Would it not be a gain to our working classes in these times of need if, like the Italians, we could employ a thousand men for two years on the construction of a railway, like that from Reggio to Ciano? or many more in carrying out building contracts, like that part of the new harbour works at Genoa, large reservoirs and cemetery walls at Milan, and most of the underground drainage of Rome? None of these things would have been possible without money laid up at the disposal of co-operative labour societies. And must we, who are well in a position to raise the money, leave the proposal to protectionists, and allow it to be thought that the money is not otherwise to be raised than by making goods dearer? British co-operators have indeed a great opportunity open to them, and their cause cannot fail to fare the worse if they decline to use it.

There is one more opportunity for the turning to account of which I should like to put in a plea. Our British co-operators make it their boast that their co-operation is the "true faith," that like it all true co-operation should be a working men's movement, directed not by benevolent outsiders, but by the very persons who have an interest in it. As champions of principle, as the chosen vanguard and pathfinders of co-operation, have they not a responsibility resting upon them to do their best to make co-operation elsewhere conform to the same ideal? Their influence with foreign co-operators is great. We can see the effect in the happy transformation which has, after a long and tough struggle, at last come about quite recently in the co-operative system of the Netherlands, converting what long was a narrow, exclusive, middle-class organization with purely economic aims, into a broad, free, and expansive movement, welcoming all working men who will join it, and labouring to improve the position of their class in every conceivable way, educationally, morally, and socially. There has been no more propitious event for a long

time in the co-operative world. Our British co-operators' influence, as has been said, is very great; we see foreigners flocking to their congresses, covering their hosts with eulogies, and protesting in the face of the sun, and moon, and all the stars, that they are their loyal "pupils," and will never do otherwise than the faithful Britons do; after which they go home boasting that they have "Rochdale" at their back, and bear the stamp of its authority upon their brow—but, in some cases, only to insist among themselves that co-operation must never be allowed, for any consideration, to become a working class movement. As champions of working men's interests, which are the same all the world over, have not our people some duty laid upon them to see that those who profess "Rochdale" should also practise it? Rochdale's message is for working men. And the cleverest apeing of co-operative methods, the pleasantest companionship with our great oligarchs at the festive board, will not make up for abuses of the co-operative principle. "He is not a co-operator which is one outwardly." Of course these foreign wanderers from the path cannot be coerced. However, there are many milder but equally efficient means available in the course of friendly contact. Followers of Athanasius might not attempt to coerce the Arians, but they would not deliberately prepare feasts for them, or ostentatiously vouch for their orthodoxy.

We have formed the International Co-operative Alliance to extend the sway of co-operation, and to purify it where it exists in forms that seem to need purification. Our most powerful national section, the British Union, ought, I think, to use what opportunities are open to it to second our aims, and to strive, by its example and authority, to make co-operation everywhere what avowedly it ought to be—a movement benefiting the poor, a gospel preached to the working classes and an organization officered by them.

HENRY W. WOLFF.

NOTES AND MEMORANDA.

"THE WORK AND MAINTENANCE BILL, 1906."—Two influences have combined to make it likely that legislation on a comprehensive scale will shortly be proposed to deal with the problem of unemployment. On the one hand, the "workers" are for the first time adequately represented in Parliament; on the other, the national conscience, in its usual slow-moving way, is just waking up to a sense of responsibility that ought to have weighed on it for many years past. So it is certain that something will be attempted. And two courses are open. Either last year's Act may be strengthened and improved, without any attempt to go beyond the principles on which it is based; or a complete new "scheme" may be started, based (as it almost certainly would be) on more thoroughgoing principles than those hitherto accepted.

What those principles are likely to be, if not the nature of the scheme based upon them, is candidly revealed by the Advisory Committee of the Maintenance and Employment Society, in a pamphlet recently issued by that body.¹ Their scheme has been submitted to and approved in a general sense by several prominent members of Parliament; whilst the papers say that it "contains arguments and abundance of detail," and "is very good reading." Whilst cordially agreeing with these last criticisms, I wish to draw attention to the fundamental fallacies upon which, in my opinion, the bill is based—not with any intention of damaging a good cause (for legislation on the subject is needed), but because big principles are here involved, and the bill is only one expression of a dangerous tendency of public opinion in this and other matters.

I am not concerned either with the promises or with the threats that underlie the "Argument for the Bill." No one really believes that any bill "will convert 1,000,000 idlers into workers, thereby benefiting the nation to the extent of the extra production of wealth thus made certain, which may be moderately estimated at £100,000,000 yearly."²

¹ *The Draft of a Bill to provide Work and Maintenance for the People of the United Kingdom of Great Britain and Ireland without any Increase of Taxation or Rates.* [45 pp. 8vo. 1s. net. P. S. King. London, 1905.]

² *Bill to provide Work*, p. 7.

Nor will any one be intimidated by hearing that "it is idle to expect that the 'have nots' will remain submissive to their surroundings when once they shall know their own strength. . . . The poorer classes of the United Kingdom *want* it [the bill], and they are masters of the situation."¹

What is more to the point, and more serious, is the acceptance of the principle that not only "it is for the good of every political community that every one of its members shall have a sufficiency of food, clothing, and shelter,"² but also that the provision of these things is the duty of the State, and the right to demand them the privilege of every unemployed citizen.³ What is the ground of this assumption? It may be laid down as a safe canon of the relations between the State and the individual that it is the duty of the State to promote a progressive and enlightened individualism: and this it can only do, not by providing for the individual, but by helping him to provide for himself; not by finding him work, but by encouraging him to find it for himself. State interference, in fact, should be as far as possible preventive, as little as possible curative. And in this matter of unemployment, while there is still so much that can be done by preventive legislation in education, temperance, trade organization, and distribution of labour, it is a grave mistake to embark on large projects of curative legislation. At any rate, anything that lessens the power of the individual to provide for himself, or his responsibility for doing so, contravenes the first principles of State interference. It is idle to frame schemes for the redemption of the unemployed, so long as bad housing, and bad education, and thriftlessness, and lack of common ambition or foresight is manufacturing out of our boys and young men new unemployed every day.

The individualistic ideal of State interference is only forgotten by those who measure man economically instead of morally. And the second fallacy underlying such proposals as these of the Maintenance and Unemployment Society is that they practically ignore the moral factors in the situation. To suppose that "if a political economic organism be created (a task well within the ability of Parliament) within the structure of which can be found room for the unemployed and scope for their activities, self-support and prosperity will follow as a matter of course,"⁴ is entirely to forget the real ingredients and motives of social co-operation. Nor, apparently, is any adequate investigation contemplated, one provision in the case of unemployed persons maintained by the State being that "reasonable care shall be

¹ *Bill to provide Work*, p. 9.

² *Ibid.*, pp. 16, 30.

³ *Ibid.*, p. 11.

⁴ *Ibid.*, p. 5.

taken to prevent the enforced association of maintainees of good character with those of bad character.”¹ It requires but a slight knowledge of the real conditions of unemployment to know that the moral factors are the most important; that the unemployed at any particular time are, taken as a whole, the morally inefficient; that work is what few of them really want, and will do few of them permanent good; and that their great need is moral fibre and efficiency. No plan of reform that builds on other principles will be anything but a gigantic failure.

What, however, is the shape taken by this present scheme? Without going into details, it may be said that the bill creates a new State department in the form of a huge commercial establishment—a State-controlled Harrod’s Stores, which will use the labour of the unemployed, not merely in supplying their own needs, but also in carrying on, on an enormous scale, all the profit-making business of a universal provider: “the whole scheme of employment to be based upon the plan of making the department a self-supporting community, producing and manufacturing most of the things required for its own sustenance, order, instruction, enjoyment, and social development, together with a surplus available in exchange for such articles as for any reason of climate or otherwise may be impossible or difficult of production by the department.”² And in accordance with this comprehensive scheme more than thirty work sections are enumerated, including agriculture, quarrying, shipbuilding, male and female clothing, miscellaneous supply, entertainment, research, and transport. The “unemployed” employees, living in commercial colonies, are to build their own houses, grow their own cabbages, make their own coffins, and undertake their own funerals. The obvious criticism of such a plan is this: it must be able at least to pay its way; but is the limited experience of German and Belgian labour colonies sufficient ground for such a hope? Or the squeezed-out profits of the English railway companies?³ Would they not be more than balanced by the proved inferiority of “unemployed” work, and the difficulties of management?⁴ And if the scheme does pay its way, the very serious question at once arises of its competition with private employers. Its promoters assures us

¹ *Bill to provide Work*, p. 33; but some investigation is apparently intended (p. 35).

² *Ibid.*, p. 19.

³ *Ibid.*, p. 6.

⁴ The managers will be “expected by the nation to display the same qualities of application, enterprise, intelligence, and administrative ability as they would be required to show in the paths of ordinary commerce and industry” (p. 38). But will they do it?

that this bill contains "nothing that can reasonably be regarded as material competition with private industries ;" but it is impossible to read it without concluding that it is a gigantic violation of the great principle that the State must not destroy individualism by competing with it.

The bill, I have admitted, is very good reading. It is easy to make a scheme attractive, if it is planned on a big scale and symmetrically put together. But its foundations are on the sand. Its principles pile fallacy on fallacy. And it should stand as a warning of disasters to which such courses lead. "To politicians : This bill is dangerous."

J. M. THOMPSON.

THE BERLIN EXHIBITION OF HOME WORK.—Inquiries and investigations into the miseries of sweated industries have not been uncommon of late years, and details of the long hours, insanitary conditions, and inadequate remuneration characteristic of most home work have often been placed before the public. The results of these inquiries are generally little read, and soon forgotten. The idea of the Berlin Exhibition is to appeal to the understanding through the eye. A large collection of the products of home industries has been brought together, and careful inquiry has been made as to the locality of manufacture, the remuneration given for making each article, the time occupied in its production, and the outgoings necessarily borne by the worker. With the aid of these particulars, the rate of pay can be easily calculated for time as well as piece-work. Information has also been sought with regard to the age and sex of the workers, and of their helpers, whether their own family, or strangers. Each exhibit is ticketed with the name of the locality of manufacture, time expended, and remuneration received. The results extend to a great number of industries, and are often of painful interest.

	Numbers of home workers.		Percentage increase.	Home workers per cent. of all employed.	
	1895.		1882-1895.	1882.	1895.
Tischlerei (cabinet makers) ..	} 13,248 {		231·6	1·8	4·4
Parquet makers			304·4	0·6	2·7
Schneiderei (tailors)			139·7	12·4	15·8
Schuhmacherei (shoemakers) ..			43·9	4·6	6·8

The introduction of the factory system is no doubt tending to extinguish home work in certain branches of industry, especially textiles. But in other branches, notably in shoemaking, clothing,

and cabinet-making, home work definitely increased between 1882 and 1895, as has been shown by Dr. Rauchberg.¹

It is obvious that unless the tide can be shown to have turned since 1895, home work is of increasing importance in these industries, as well as in others which I have not space to tabulate here; nor can the wages and conditions be explained as being merely incidental to outworn methods and a dying trade. I will give some details of the rate of pay discovered in some of the home industries, samples of which have been exhibited.²

Shoemaking.—Some of the Berlin shoemakers are paid from 33 to 53 pfennigs an hour,³ and their weekly earnings are between 20 and 30 marks. But this is only the best class of shoes, made to order. Makers of dancing-shoes average from 18 to 30 marks, but only the very best workers approach the upper limit. The majority of male home-workers in the ready-made trade do not earn more than from 11.50 to 14.40 marks, approximating to the earnings of a woman, which are shown by one exhibit to be 10.80 marks per week. But even these earnings are not regularly obtained, and in the off season not nearly so much can be made.

Clothing.—It is needless to say that in women's trades the earnings are far worse. The following rates per hour are recorded :—

Kind of work.						Pfennings per hour.	
Children's frocks (Breslau)	7
"Konfektion" (lingerie, or blouse-making), (Berlin)	8
Children's shoes	7
Fancy paper	3
Sunshades (Frankfort)	42
" (Königsberg)	8
Boys' suits	7
Lace (old woman of eighty)	1½
Knitted garments	3
" "	45
Dolls	7

The wide range of rates shown in two instances above demonstrates that the wages are fixed in an arbitrary fashion, more by the will of the employer than by purely economic forces.

Small Metal Wares.—The worst conditions are found in the small metal industries of the Lower Rhine, as, for instance, in the production of pins and needles, hairpins, hooks and eyes, and such small wares.

¹ "Die Hausindustrie des Deutschen Reiches," printed in *Schriften des Vereins für Socialpolitik*, vol. 87. 1899.

² *Sociale Praxis*, February 8, 15, and 22, 1906.

³ 100 pfennigs = 1 mark, or a shilling of English money.

The counting and packing are done by women and children at home, and, unfortunately, exact information as to the time expended is not forthcoming, and the rate per hour cannot be precisely calculated. The piece rates, however, speak for themselves. For double-papering 1000 needles, $3\frac{1}{2}$ pfennigs are paid; for counting and packing 4000 packets of 100,000 needles, 4.25 marks. The time rate is estimated at from 4 to 8 pfennigs an hour. Sewing on hooks and eyes, a mother with three children can earn 3.50 marks a week. A specially sad feature of these industries is the employment of young children. Children, even at four and five years old, work far into the night, and in button-making children under fourteen earn, for an average working day of 10 hours, weekly wages of from 3, 4.40, and 4.80, up to 6 marks. Stamping the buttons demands a considerable pressure, and is exhausting work for children. Sewing a gross of buttons on cards, which takes 560 stitches, is paid $2\frac{1}{2}$ pfennigs.

Tailoring.—Several exhibits of uniforms are included, and in Berlin, military tailoring is paid at a rate of 20, 21, 27, and 32 pfennigs per hour. The male home-worker's earnings sometimes include his wife's work as well as his own; instances of these amount to 19.60 marks and 27.70 marks; 19.60 marks were also earned at Abansen by a young man and his wife, working 84 hours in the week. At Bückeburg a man of forty-one, with his wife and two daughters, obtained only 16.20 marks for 72 hours' work. At Kiel, navy tailoring is entirely women's work, and fetches a rate per hour of 21 to 25 pfennigs. The workroom is here regularly used also as the sleeping-room and kitchen. In Berlin, the making of military horse-cloths, tents, bags, sacks, and such things, is largely done by female home-workers at about 21 pfennigs per hour; in Cassel the same class of work usually averages 8 to 12 pfennigs, but one case appears of 23 pfennigs. One woman earns 6.30 marks in 90 hours.

In the making of ladies' ready-made clothing, tailors earn in Berlin 24 or 25 pfennigs per hour, women from 12 to 26 pfennigs. According to the reports of the Christian Union, the weekly earnings of female home-workers in ladies' garments vary in Berlin from 8.20 to 23.40 marks, but from 12 to 16 marks are typical earnings. In Breslau, 9 to 12 pfennigs per hour are paid; in Cassel, 9 to 23 pfennigs; in Erfurt, 13 to 19; in München Gladbach, 16 to 24; in Hanover, 21 to 25; in Leipsic, 17 to 25. The making of children's garments alternates in Berlin between 8 pfennigs an hour, yielding 4.27 marks in 54 hours; 9 pfennigs an hour, yielding 7.20 marks in 81 hours; and 38 pfennigs an hour, yielding 17.70 marks in $46\frac{1}{2}$ hours. In Breslau, hourly rates of 6, 7, and 36 pfennigs are mentioned, but the

last case is that of a middlewoman employing two girls for wages, who is without work for two periods of several weeks each in the year.

The above details are extracted from a quantity of similar data collected by Dr. Heiss, and published in *Sociale Praxis*. They have been selected with no desire to make out a case, and in some instances the earnings given are not, as things go, so very low. Nor have they been chosen with any idea of pointing a moral against Germany, for there is, unfortunately, little room to doubt that the same description of industry is to be found in England, less extensive perhaps than in Germany, but no less miserable in pay and conditions. One important lesson of the Berlin Exhibition would seem to be that Protection of native industries is not in itself a safeguard against the growth of parasitic trades, as sometimes alleged by certain of its more enthusiastic advocates.

B. L. HUTCHINS.

WOMEN AS BARMAIDS.—With the new Government and the new Parliament has arrived more than the usual number of booklets and pamphlets with suggestions for legislation. Social questions are very rightly to the fore. And among those minor reforms which seem to be at once practicable and fit for legislation is one urged by the Joint Committee on the Employment of Barmaids¹—namely, the prohibition of the employment of women in the sale of alcoholic liquors. The facts that are set out by the committee make a strong case against the custom prevalent in England. Do people realize how differently public opinion has pronounced on this question in other European countries, and in the colonies? Prohibition of the employment of women as barmaids is secured by law in most parts of the United States, and by public opinion in Canada; Scandinavia forbids it; the Transvaal has prohibited it since 1902; and a similar measure is “practical politics” in the Cape Colony. Bengal put an end to it in 1903, Burmah in 1904; and in Australia and New Zealand, although nothing, curiously enough, has yet been done, the necessity of some kind of legislation is increasingly felt. Even in the British Isles public opinion is far from unanimous against the proposed change. The custom of employing women as barmaids is practically unknown in Scotland and Ireland, quite uncommon in the north of England, and, though more common, yet by no means universal in London and the south of England. Nevertheless the census of 1901 shows that nearly 28,000 women, of

¹ *Women as Barmaids*. Published for the Joint Committee on the Employment of Barmaids. [58 pp. 8vo. 1s. net. P. S. King. London, 1905.]

whom the great majority are young and unmarried, are so employed in England and Wales.

It is not difficult to see why a barmaid's life should be so generally considered unsuitable for women. First, of course, is the fact that few occupations offer so many temptations to intemperance. It is quite true that many barmaids are total abstainers, and specially valued by their employers for that reason ; and there is plenty of evidence to show that detected intemperance is commonly punished with dismissal. But the very number of such dismissals, and the repeated evidence of individual cases, such as those cited by the committee, is sufficient proof of the temptation to and prevalence of intemperance among barmaids. "From personal observation," says one competent witness, "I think I state correctly when I say that 75 per cent. of barmaids are intemperate."

But intemperance is only one of the evils of the barmaid's life. There can be no reasonable doubt that the moral effects of the employment are very often disastrous. Under this head may be included not only the definite downfall and ruin of many girls through intemperance and immorality (the proportion of these, one hopes, is small), but also, and more particularly, the "public-house taint" which almost inevitably affects a woman who has to pass her days behind the public-house or railway bar, exposed to the idle and often evil looks and words of their customers. Publicans may do, and often do, their best to keep up the moral tone of the bar, but there can be no doubt of the deteriorating effect which such an atmosphere commonly has, moral as well as physical.

It is necessary to add the fact that most of the girls who take up this occupation are young and inexperienced ; they are chosen for that reason, and for their good looks, which bring nearly as much custom to the house as the quality of the beer sold there. About two-thirds of the total number of barmaids are said to be between the ages of fifteen and twenty-five (though common sense would allow a margin for some false returns in such cases), whilst very few are returned as being over thirty-five. The advertisements for barmaids in the newspapers illustrate the same point, "beginners," "learners," and girls of "slight experience" being apparently preferred to others.

There is little need to notice the additional facts and arguments brought forward by the committee on the physical side of the question : the long hours, want of fresh air, constant standing, and fatiguing work involved by the employment are sufficiently notorious ; and their result is seen in the very high percentage of public-house servants who die of phthisis.

When all these points are taken into consideration, it seems extraordinary that English opinion should be so slow to move in this matter. It is difficult to avoid the conclusion which the Bishop of Southwark expresses in the short preface which he prefixes to the pamphlet published by the committee : that "the change in question is a reform which we ought to seek." The committee publishes a rough draft of a "Bill relating to the Employment of Barmaids," pointing out that there is no intention to make its action anything but prospective. Every woman employed as a barmaid at the time when the bill comes into force is to receive a certificate to that effect, and be permitted to continue in the occupation ; but no woman not so certificated shall be employed in the future. And the bill does not apply to the wife or daughters of the holder of the licence of the public-house in which they work.

This reform would directly affect for good a large class of women whose present position is acknowledged to be most unsuitable ; and it would not be without effect for good upon the whole question of intemperance.

J. M. THOMPSON.

CURRENT ECONOMIC PERIODICALS.—Mr. R. C. Brook's article in the *Political Science Quarterly* for December, 1905, shows clearly that the pressure of the demand for improved and extended local administration is not confined to this country ; the problem of the great city is the same everywhere. The growth of Berlin makes it imperative to get more money for its administration, and the various possible sources are discussed. Gas and water are the principal municipalized supplies, and Prof. Wagner is quoted to the effect that a charge for these more than sufficient to cover the cost of supply is justifiable, if regarded as a tax on consumption. The Municipal Income Tax in Berlin cannot be imposed unless other direct taxes are kept below a limit fixed by law, and thus, being the main source of revenue, it tends to prevent the widening of the base of local taxation. A graduated tax is proposed on the "market value" of land, and seems to meet the approval of the authorities on the ground that it will encourage building and prevent speculation.

Mr. F. A. Bushee has made a careful investigation into the history and outcome of the large number of experimental communities that have, during the last hundred years, been established in the United States ; and in the same issue of this journal he gives a concise account of the facts, which tends to show that mere economic ideals do not make for permanence. The longest lived have had a powerful religious element underlying them.

Professor Levasseur's article on "Socialistic Doctrines" in the *Revue D'Économie Politique* for January contains an interesting analysis of the views of the numerous subdivisions of the Socialist party in France. The author takes a desponding view of the future.

The *Chicago Journal of Political Economy* is now to appear monthly instead of quarterly, and the number for January, 1906, is the first of the monthly issue. It contains an article which favours the view that women do not permanently compete with men in employment. Some evidence from the 12th Census of the United States is produced in support of this argument.

The excitement caused in France by the recent action of the State in regard to the Church has probably directed the attention of M. L. Luzzatti to the relations between these two bodies which subsist at the present time in various countries. His study, the result of which is published in the *Reforme Sociale* for February, 1906, seems to have led him to the conclusion that a too intimate relationship is not desirable.

The *Quarterly Journal of Economics* for February contains less heavy theory than usual. The one article which might be placed in that category, Mr. H. L. Moore's "Paradoxes of Competition," rebels against the theory of wages which is now fashionable among American economists. Mr. Moore scarcely does this justice when he expresses it in a form in which it is obviously untrue—"the labourer gets what he produces;" but his exposure of the assumptions on which it rests is interesting, and his protest against the express or implied inference that "labour gets all it should" is much needed. "A more just wording," he says, "would be that labour gets what the assumed property rights and assumed organization of industry make possible, and the important question is not so much whether labour gets what it produces under those conditions, but rather why actual conditions make possible so small a product."

The *Annals of the American Academy* for January is entirely devoted to municipal ownership and municipal franchises, the articles being contributed by many eminent specialists, such as Mr. Percy Ashley, Dr. L. S. Rowe, Mr. Macassey, and Dr. J. A. Fairlie.

UNEMPLOYMENT.—The following summary of papers which were read at meetings of the Oxford Branch of the Christian Union during Hilary Term, 1906, has been issued in the form of a leaflet:—

Unemployment is one of the things with which a Christian ought to be discontented. He is not pledged to any theory about the "right to work," or the limits of State interference. But he is bound to recognize

the "duty to work," and to exercise the Christian conscience as to any lack of opportunity for work.

I. *The Problem*.—1. From the chaos of indiscriminate almsgiving public opinion is emerging to discern the need of systematic classification into—(i.) skilled workmen; (ii.) unskilled or casual workmen; (iii.) those who either will not or cannot work, and who are not so much unemployed as unemployable. But further subdivisions are requisite, and the effectiveness of the remedies applied will always be largely dependent upon the care given to classification.

2. As regards the first two classes of the unemployed, the chief problem is how to secure a proper circulation of labour, and a fair field for the equalizing tendency of supply and demand to cure its own ills. In a well-organized community displaced labour finds its own level, and the more fluid labour is the less danger there is of serious unemployment. It is important to remember that the first duty of society is to the employed, not the unemployed, the efficient, not the inefficient.

3. As regards the unemployables, the problem is, first, how to remove them from the society they degrade, and, secondly, how to fit them for restoration to it. The first will be an easy matter when public opinion sanctions the establishment of penal colonies for the compulsory retention of the worst types. But whether by this means the whole class can be eliminated, or whether many of them can be turned again into useful members of society, is at present doubtful.

II. *Temporary Remedies*.—1. Among temporary remedies, relief committees have played a large and inglorious part. Relief, as a remedy for unemployment, is wholly bad; and relief committees, unless they insist upon strict investigation and classification of cases, or provide work and wages instead of mere doles, do more harm than good.

2. Municipal works have been a popular remedy for unemployment since the Abbey Mills experiment in 1892–3. During the winter of 1904–5, extensive works were undertaken by the London Unemployed Fund at Long Grove, and elsewhere. Generally speaking, however, these experiments have been on too small a scale to be anything but costly; and it is always difficult to get a full amount of work out of the class of men employed. A more serious objection is that, though the work while it lasts is good for the men, and stops the rapid degeneration caused by unemployment, yet little permanent improvement is made either in the character or circumstances of the men employed.

3. This last difficulty is more successfully met by the labour colonies supported by the Salvation Army and Church Army; and that not so much by their superior organization as by their definite reliance upon

religious influences. Where Merxplas fails, Hadleigh to some extent succeeds with selected cases. Undoubtedly the whole work of dealing with the unemployed ought to be raised to this higher level; and to ensure this being done the Church is even more responsible than the State.

III. *Permanent Remedies.*—1. By the permanent remedies for unemployment is meant those methods of prevention rather than cure that can be applied either indirectly by the improvement of country life, technical education, and the organization of industry, or directly by insurance against unemployment, labour bureaux, and emigration. Everything that can be done to improve the position of the agricultural labourer, or to extend the school age limit, or to make workmen more intelligent and adaptable, has an indirect influence for good upon the problem of unemployment.

2. Insurance against unemployment, if it is to be carried on with proper safeguards, must be worked through the trade unions. The friendly societies have practically given up this side of their work, and German insurance schemes are hardly applicable. We shall do best, not by inventing new organizations, but by working through those which already exist, and which command the confidence of the workmen. Labour bureaux seem to involve an uncomfortable dilemma. If they have no test, they are swamped by the unemployables; if they have a test, they are unnecessary for a class which can find employment for itself. In either case they hardly repay the trouble spent on them; though much more could be done if the system were extended and properly interrelated, or, on a small and local scale, by giving a free hand to a competent manager.

3. Large new spheres of work might be undertaken, principally afforestation and the reclamation of foreshores, which would provide at any rate a temporary, and perhaps even a permanent and profitable, means of employment. Further, there is the possibility of emigration for selected cases, reducing the congestion in England and offering better prospects in the Colonies.

IV. *Foreign Labour Colonies.*—1. Germany has in all thirty-three labour colonies, containing over 4000 men. Since 1882, Wilhelmsdorf has dealt with over 10,000 men of the unemployable and semi-criminal class (more than 50 per cent. having been in prison). The work is almost entirely agricultural, but the colony is far from self-supporting. Berlin has tried the experiment of a town colony on similar lines; and there are also "home colonies" for long-term inmates, which verge on the penal system.

2. Switzerland has two small labour colonies, at Herden and

Tannenhof; and France has an agricultural colony at La Chalmelle. But Belgium and Holland have faced the question most seriously. In Belgium there are two types of colony: for the worst classes the law provides beggars' dépôts, with power of detention for a period of from two to seven years (*e.g.* Merxplas); first offenders are committed for one year to a house of refuge (*e.g.* Wortel); whilst women of both classes are separately provided for at Bruges. At Merxplas the inmates are carefully classified, and set to many different kinds of work; this colony is nearly self-supporting, the cost being only £10 a head per annum, half of which represents wages.

3. The general conclusion reached by a study of the foreign labour colonies is twofold. First, the experience of these colonies is against any great hope of permanently improving the class of men who enter them. At Merxplas 90 per cent. of the inmates are "habituals." But, secondly, it is a real benefit to these unfortunates if they can be segregated and dealt with by themselves. And even if a few of them can be restored to respectable society, the creation of a new class may be stopped.

In England there is a permanent body of 30,000 tramps who ought to be put into penal colonies; and there is an indefinite and varying number of men in search of work who could be more profitably dealt with by labour homes than by the casual wards of the workhouses.

STATISTICAL NOTES.—*Treasury Returns*: (i.) *British*.—The condition of the national revenue to March 24, 1906, justifies the sanguine view that was expressed in the January issue of this *Review*. It may be anticipated that nearly every head of revenue will show a surplus over the estimate. The total national revenue from all sources to March 24 is only £441,114 less than the equivalent period in 1904–5. This should be compared with an estimated deficit of £1,972,000 by the remission of the 2*d.* duty on tea. This indicates a very healthy state of trade. The other side of the account is equally promising, the expenditure to date being over £2,500,000 less than 1904–5. The total surplus will be very handsome, and should justify the hope that large remissions of taxation will be announced. It is also anticipated that a beginning will be made towards the redemption of the huge National Debt, which acts as a considerable impediment in the way of constructive enterprise. The satisfactory character of these figures, however, should not be permitted to divert attention from the continued abnormal magnitude of British national expenditure. An accurate view of the position can be obtained by examining the annual returns of expenditure from 1840 onwards. If the normal rate of increase which obtained from 1840

to 1895 had been continued until 1905–6, the national expenditure for the present year should be about £107,000,000. Actually it is £142,000,000. The country is thus being taxed to the extent of about £35,000,000 a year above the normal rate of increase. It is only necessary to state this figure to recognize the magnitude of the task in front of the present Government. Until, however, some economy is achieved, the income-tax will have to be kept at a war level, and the sugar-tax will also have to remain. Fortunately, the state of British trade at the present time is so exceptionally good that this great burden is being borne without manifest inconvenience; but trade moves in cycles, and unless expenditure can be reduced before the next trade depression, an acute and unpleasant situation may arise.

(ii.) *America.*—The deficit in the Washington Treasury has been rapidly reduced during the past few months. The expenditures in 1905–6 for the first seven months (July to January) of the American financial year only exceeded the receipts by \$3,397,990. This is a great improvement over the same seven months in 1904–5, when the deficit amounted to over \$28,500,000. The improvement has resulted from a large increase in receipts rather than from a diminution of expenditure, which is in fact slightly higher than in 1904–5. The great increase is in customs revenue, which is mounting up in rather a remarkable fashion, the increase over the seven months in 1904–5 being no less than \$22,000,000. As the total increase over 1904–5 of imports into the United States for the seven months is about \$70,000,000, of which, roughly, one-half is dutiable, the increase of \$22,000,000 in customs duties would appear to have been collected from an increased import of dutiable goods to the value of \$35,000,000, which suggests rather increased stringency in customs collected, and in a rather striking proportion. The gradual restoration of the Washington Treasury to a position of financial equilibrium is tending to strengthen the hands of the Protectionist party in the States.

British Foreign Trade.—The British Trade Returns are continuing to increase at an unprecedented rate. During the nineteen months to February 28, 1906, the exports have increased by no less than £48,125,231, and the net imports (after deducting re-exports of colonial and foreign produce) have increased by £17,282,020. These are very remarkable figures. The returns for January and February, 1906, show an increase over the same two months of 1905 of £10,393,268 for imports and of £11,005,199 for exports. The chief changes are to be found in—

(a) *Imports of Raw Cotton.*—Increase over 1905 = + £3,200,485.

—Due chiefly to the higher price of the raw material, which was exceptionally low during January and February, 1905. The additional weight imported is about 300,000 cwts.

(b) *Exports of Cotton Goods*.—Increase over 1905 = + £1,656,279.—The largest increase is to Madras (+ 20 million yards) and to Bombay (+ 12 million yards). China, on the other hand, is diminishing her purchases (— 12 million yards). An interesting feature is the increased export to highly protected countries, *i.e.* Germany (+ 12 million yards), United States of America (+ 6 million yards).

(c) *Imports of Non-Dutiable Food*.—Increase over 1905 = + £1,634,579.—The increase is fairly generally distributed. We have bought 60,000 more cwts. of butter, chiefly from the United States of America, and 300,000 more great hundreds of eggs, chiefly from Germany and Belgium. We have spent £160,000 more in fruit, chiefly in bananas, of which 350,000 additional bunches have been imported.

(d) *Exports of Iron and Steel Manufactures*.—Increase over 1905 = + £1,516,181.—The increase is widespread. Exports of pig iron have increased by 70,000 tons, steel bars by 10,000 tons, cast pipes and fittings by 15,000 tons, wrought tubes by 8000 tons, and galvanized sheets by 18,000 tons, the chief increase being to Argentina. Steel rails show a diminution of 9000 tons, due mainly to a decreased demand from India.

(e) *Miscellaneous Exports*.—Increase over 1905 = + £1,090,509.—Due mainly to a large increase in the sale of railway trucks and waggons (+ £350,000) and in military stores (+ £150,000). Cycles are selling well (+ £150,000).

Shipping Clearances.—Concurrently with the growth of foreign trade the cargoes entered and cleared are increasing. The net increase in cargoes cleared is 670,000 tons, and in cargoes entered 450,000 tons. Roughly the increase is equally divided between British and foreign ships, though in cargoes entered British ships show a greater increase than foreign.

Comparative International Trade: (i.) America.—In the export trade after a neck-and-neck race during the whole of 1905 the United States passed the United Kingdom during the month of December, and the year concluded with the following result :—

TOTAL EXPORTS FOR THE COMPLETE YEAR.

			United Kingdom.			United States.		
			£			£		
1903	..	..	290,800,000	..	..	303,676,000		
1904	..	..	300,711,000	..	..	297,023,000		
1905	..	..	330,023,000	..	..	333,208,000		

In imports there is, of course, scarcely any comparison yet, though the figures for the three years show how rapidly the States are coming up.

TOTAL IMPORTS FOR THE COMPLETE YEAR.

			United Kingdom. £				United States. £
1903	..	..	473,027,000	..	..	..	207,395,000
1904	..	..	480,734,000	..	..	..	215,814,000
1905	..	..	487,481,000	..	..	..	245,700,000

(ii.) *Germany*.—The German comparison is as follows :—

TOTAL EXPORTS FOR THE COMPLETE YEAR.

			United Kingdom. £				Germany. £
1903	..	..	290,800,000	..	..	..	250,732,000
1904	..	..	300,711,000	..	..	..	261,132,000
1905	..	..	330,023,000	..	..	..	279,272,000

TOTAL IMPORTS FOR THE COMPLETE YEAR.

1903	..	..	473,027,000	..	..	..	300,134,000
1904	..	..	480,734,000	..	..	..	318,206,000
1905	..	..	487,481,000	..	..	..	336,500,000

Wheat: (i.) *General Position*.—The statistics may now be taken up to the first thirty-four weeks of the cereal year (*i.e.* to February 17, 1906). Russia still leads by a long way as the chief exporting country, and her total export for the thirty-four weeks has been almost identical with that of 1904–5 (*i.e.* 115,400,000 bushels). The American (*i.e.* United States of America and Canada) export has now risen to the second place, and is practically double the export of 1904–5 (92,500,000 as against 46,000,000 bushels), but is still a long way below the preceding years. The Danubian provinces continue to do very well (62,900,000 bushels), while Argentina continues to export more and more (55,000,000 bushels). The total amount of wheat exported by all exporting countries is very large, *i.e.* 366,000,000 bushels, an increase of over 40,000,000 bushels above the quantity exported in 1904–5. This fact, coupled with the large increase in British home-grown wheat, should mean lower prices. At present they are rather high (*i.e.* 28*s.* 8*d.* per quarter on March 3, 1906).

(ii.) *British Purchases*.—The present chief sources of the British wheat supply are shown by the following tables :—

SOURCES OF BRITISH WHEAT AND WHEAT FLOUR SUPPLY (1905).

(12 months, to December 31, 1905.)

	Wheat.	Wheat flour.	Total.
	cwts.	cwts.	cwts.
1. Russia	24,703,200	Nil	24,703,200
2. The Argentine Republic.. ..	23,236,400	"	23,236,400
3. British India	22,807,422	"	22,807,422
4. United States of America ..	6,634,700	5,685,418	12,320,118
5. Australia	10,064,700	Nil	10,064,700
6. Canada	6,522,030	1,330,100	7,852,130

SOURCES OF BRITISH WHEAT AND WHEAT FLOUR SUPPLY (1906).

(2 months, to February 28, 1906.)

	Wheat.	Wheat flour.	Total.
	cwts.	cwts.	cwts.
1. United States of America ..	3,683,900	2,233,200	5,917,100
2. Canada	1,475,000	348,100	1,823,100
3. Russia	1,498,000	Nil	1,498,000
4. India	1,488,200	"	1,488,200
5. Argentina	764,300	37,600	801,900

No conclusions should be drawn from these two months' figures, as the wheat position has been abnormally disturbed by the large purchases of Germany to stock her granaries in view of the inauguration of the new grain duties, which took effect from March 1, 1906.

(iii.) *British Consumption.*—It is now possible to take the comparison of the total British consumption to March 3, 1906, which is the twenty-seventh week of the British harvest year. The notable feature is the marked increase in British home-grown wheat. The total sales show a slight increase over 1904–5, but a slight decrease below 1903–4—

BRITISH CONSUMPTION OF WHEAT.

(27 weeks, to March 3.)

	1903–4.	1904–5.	1905–6.
	cwts.	cwts.	cwts.
Foreign imports	60,786,600	58,182,700	49,102,900
Home-grown sales	14,468,300	13,634,000	24,633,300
Total home supplies	75,254,900	71,816,700	73,736,200

Cotton: (i.) British Sales of Manufactured Goods.—The sale of cotton goods manufactured in Britain in 1905 was of unprecedented magnitude, i.e. £91,987,493. The raw material cost £52,370,878. The balance on the transaction available for wages, interest on capital, and profit was thus nearly £40,000,000. The British cotton manufacturers are pursuing a most judicious policy in building up a vast reserve supply of the raw material stored in England.

(ii.) *British Stock of Raw Cotton*—

STOCK OF RAW COTTON STORED IN UNITED KINGDOM ON MARCH 1ST.

								Bales.
1904	..	..	..	..	..	..	..	591,000
1905	..	..	..	..	..	..	..	897,760
1906	..	..	..	..	..	..	..	1,111,400

What this means in money may be gathered from the fact that a bale of cotton at present prices (5·83*d.* per lb.) is worth, roughly, £12. It means that the stock of raw cotton is worth some £13,500,000, which at 3½ per cent. costs the cotton manufacturers about £9000 per week for interest on the capital thus tied up. Yet even this great expenditure is worth while, because it diminishes the risk of the cotton market being cornered. It is now of little use for the American speculator to hold cotton with the object of raising prices by causing a scarcity. Lancashire at once begins to draw on her great reserve, and leaves the market-riggers severely alone. The result would be that they would soon be in the bankruptcy court.

Sugar.—There has been little change since the previous notes. Cane sugar is now (March 3, 1906) 7*s.* per cwt., and beet 8*s.* 4½*d.* per cwt. Cornering is for the moment out of fashion. What it cost the United Kingdom may be gathered from the 1905 returns.

SUGAR IMPORTED INTO UNITED KINGDOM.

(12 months, to December 31.)

Year.					Quantity imported.	Price paid.
					cwts.	£
1904	..	..	..	..	32,289,443	18,251,529
1905	..	..	..	..	29,370,083	19,484,785
Difference					— 2,919,360	+ 1,233,256

Thus we paid £1,233,256 more money for 2,919,360 cwts. less sugar. These events, however, bring their reactions, as will be seen from the 1906 position.

SUGAR IMPORTED INTO UNITED KINGDOM.

(2 months, to February 28.)

Year.				Quantity imported.	Price paid.
				cwts.	£
1905	..	..	..	4,316,320	3,482,893
1906	..	..	..	5,124,700	2,581,791
Difference				+ 808,380	— 901,102

Thus, in the first two months of 1906 we have obtained 808,380 cwts. more sugar for £901,102 less money than in 1905.

British Prices generally.—The general level of prices remains high, the *Economist's* Index number at the end of February being 2304. This is, however, a reduction from the extremely high number of December 1905, which was 2342. The change is due to falls in the metal prices, chiefly in pig-iron, which had risen abnormally in 1905.

American Prices generally.—American prices swing sympathetically with British prices, and also attained to their maximum in January 1, 1906, Bradstreet's figure on that date being 8·3289. This was the highest level on record for many years, and no less than 46 per cent. above the low-water mark of July 1, 1896! The fall on February 1, 1906, was to 8·2390, which is 1 per cent. less than the January 1 number. The general price-level in the States remains distinctly higher than in the United Kingdom.

British Unemployed Returns.—The trade union percentage of unemployed at the end of February, 1906, is low for the time of year, i.e. 4·4 per cent., as against 6·2 per cent. at the same period in 1905. The curve for 1906 so far closely approximates to the average curve of the decade 1896–1905.

Work at the Docks.—The average number of labourers employed at the London docks per day in February, 1906, was 11,327, as against 11,446 for February 1905, a decrease of nearly 1·0 per cent.

Seamen Shipped.—The number of seamen shipped during 1905 was 431,526, as against 440,198 for 1904, an increase of 8672. During the two months ending February, 1906, the figures are 69,704 for 1906, as against 67,222 for 1905, an increase of 2482.

Price of Bread.—Mean price per 4-lb. loaf sold by 225 Co-operative Societies in Great Britain on March 1, 1906, was 5·35d., as against 5·53d. on March 1, 1905.

Railway Goods and Mineral Traffic Receipts.—This excellent index of British home-trade activity records receipts during the first nine weeks of 1906, i.e. to March 3, 1906, of £9,201,542, or £275,441 above the corresponding period of 1905.

Bankers' Clearings.—The aggregate amount of bills and cheques cleared in the British bankers' clearing houses to March 7, 1906, amounted to £2,423,593,000, as compared with £2,269,901,000 for the equivalent period in 1905. The increase in 1906 has thus been £153,692,000, or 6·77 per cent. over 1905. London clearings have increased at the rate of 6·62 per cent., and country clearings at the rate of 8·59 per cent.

The Price of Consols on March 7, 1906, was 90½, as compared with 91⅙ on March 8, 1905.

General Statistical Position: (i.) British.—The foregoing returns indicate marked trade prosperity. The only real cause of disquietude is the abnormally high level of national income and expenditure, and this question should receive continued attention. In this connexion it is important to note that there is no clear division in the British statistics between unremunerative expenditure, such as that upon the Defensive Services, and remunerative expenditure, such as that upon such commercial enterprises as the Suez Canal, the Uganda Railway, and the Pacific Cable. It is very desirable that the statistics should be amended in this particular.

(ii.) *American.*—The American position has distinctly improved for the better during the three months, December, 1905, and January and February, 1906. The growing receipts both from customs and from excise are gratifying, and the progressive reduction in the deficit in the Federal Treasury is of good augury for the future. The Americans may also be congratulated over the adjournment of their troublesome tariff difficulties with Germany. At one time the commercial relations of these two great communities seemed on the point of rupture, but happily wiser counsels prevailed, and the German Reichstag on February 23, 1906, resolved on the urgent appeal of the German Government to continue to grant the Americans "most-favoured nation" treatment from March 1, 1906, to June 30, 1907. This advantage has been given without any modification having been made by the Americans in the terms of the Dingley Tariff, but the United States have agreed to instruct their agents abroad to consult Chambers of Commerce and other trade organizations in estimating the value of goods to be exported to the United States.

OWEN FLEMING.

LEGISLATION, PARLIAMENTARY INQUIRIES, AND OFFICIAL RETURNS.

THE appointment of a Royal Commission to inquire into the working of the Poor Laws has suggested the republication of the *Poor Law Commissioners' Report of 1834* (Cd. 2728, 378 pp., 1s. 8d.). This famous document is of more than historical interest; it is an intensely interesting study in the pathology of the body politic. The connexion between vicious laws and social evils is traced with a clearness that rivals the precision of the natural sciences. Looking only at the patent results of the old system, it seems incredible that it could ever have grown up, still more incredible that it was tolerated so long. Yet the reason for this toleration is the obvious one: however gross a social evil may be, there is always some class or classes interested in its continuance. The evidence collected by the assistant commissioners shows that employers were interested in maintaining the allowance system, under which they could reduce wages below the necessary minimum of subsistence, and then call on the ratepayers who were not employers to assist in raising them up to that minimum. That the "iron law of wages" was no mere figment of the economic imagination is shown by the evidence given as to the effect of abolishing the system: "I fear the employers would discharge such men as could not maintain their families without high wages, and employ only single men, and such as have small families, who can do the work cheaper. Thus the former would become a heavy expense to the parish, *and the latter would receive more than is necessary for a maintenance*"—an alternative so terrible that the witness finds relief for his feelings in italics. Still bolder is the champion who declares: "It is quite contrary to reason that any person should pay a man for his work sufficient to support a whole family, which in some cases would be 20s. a week." A landowner who fought against the evils around him said: "We can do little or nothing to prevent pauperism; the farmers will have it; they prefer that the labourers should be slaves; they object to their having gardens, saying, 'The more they work for themselves the less they will for us.' They wish that every man should receive an allowance from the parish according to his

family, and declare that high wages and free labour would overwhelm them." High rates were an excellent reason for asking for lower rents ; higher wages were not. In one parish, Cholesbury in Bucks., the logical result was reached. The rates in 1801 were £10 11s. ; in 1816, £99 4s. ; in 1831, £150 5s. ; and in 1832, £367. At this point landlords, farmers, clergyman, and parish officers alike gave up in despair and left the parish derelict, the rector proposing that the lands should be divided among the able-bodied paupers, who were to be supported by other parishes till their holdings were able to support them. The system brought about this necessary but fatal result, that if a man were out of work he could not get work unless he had a wife and family and no savings.

The sections of the *Report* that describe the effects of the old Poor-Law system on morals are painful reading, especially when on inquiry one finds that the lapse of three generations has by no means purged the rural parishes of this inherited taint. Less than a century ago, over large areas of England, vice was profitable and virtue foolish. "If she had one more she should be very comfortable," were the words of an unmarried woman of twenty-four, already the mother of four children.

The Commissioners of 1834 paid great attention to a question which is attracting much attention now, though happily not as a remedial measure for evils such as these, viz. the effect of small holdings on the working classes. Several experiments are described, particularly that of the Bishop of Bath and Wells at Wells, where 203 persons were granted holdings of one-twelfth to one-half of an acre at the rate of 50s. an acre. "There is a general improvement in the character of the occupiers, who are represented as becoming more and more diligent, and as never frequenting those pests, the beer-houses. Frequently they have been known to work by candle-light." Moreover, at the time of the Bristol riots the occupiers offered to come to the defence of the Bishop's palace. The point is that, not only had the Bishop done these people a great service, for which they were grateful, but he had done a shrewd stroke of business as well, having let fifty acres at 50s. an acre—a considerable improvement on the state of affairs at villages like Cholesbury. In fact, the possibilities of the allotment system positively filled the Commissioners with alarm. They reported that there was no need for legislation, as a practice so beneficial to both parties would be sure to spread rapidly, and "as the land applicable to that purpose, or indeed to any other purpose"—a touch doubtless due to Mr. Commissioner Nassau W. Senior—"is limited, and the number of applicants is rapidly augmenting, every

year would increase the difficulty of supplying fresh allotments, and diminish their efficiency in reducing the increasing mass of pauperism, until the arrival of a crisis when it would be necessary either to give up the system, resume the land, and clear it as we could of its inhabitants, or abandon the whole country to a helpless and desperate population" (p. 194). The self-interest of landowners has not covered England with small holdings yet, and never will; and the lugubrious nonsense which follows this futile prophecy is the only stain on the sterling common sense of the *Report*. The gratitude of all students is due to the Government for the cheap republication of this vitally important volume.

The *Report of the Departmental Committee on Vagrancy* (Cd. 2852, 123 pp., 1s. 1d.) is a document of great importance. It begins with a lengthy summary of the history of vagrancy in this country. The Tudor legislation is described, but it is maintained that there were no such social evils as the frequency and savageness of the laws would seem to indicate. That is, perhaps, a matter for discussion, but the Committee, who argue from the silence of Shakespeare and the reports to the Privy Council, have overlooked the existence of the positive testimony of Lever and More. The *Report* deals at great length with the present position of the subject. As to the number of vagrants, estimates varied from 20,000 to 150,000, which means that there is no trustworthy information on the subject. The Committee are of opinion that the number varies from 30,000 in times of industrial activity to 80,000 in times of depression; while the number of habitual vagrants, who are not affected by industrial conditions, inasmuch as they are not hungering for work, may be from 20,000 to 30,000.

A census of vagrants, casuals, and persons without visible means of subsistence was taken by the police on the night of July 7, 1905, with the following results :—

In common lodging-houses :—

Men	41,439	} 47,588
Women	..	..	..	..	..	..	..	4,869
Children	..	..	..	..	..	..	..	1,280

Elsewhere than in common lodging-houses or casual wards :—

Men	..	..	..	..	..	..	..	10,750	} 14,624
Women	..	..	..	..	..	..	..	2,436	
Children	..	..	..	..	..	..	..	1,438	
In casual wards	..	..	..	..	..	..	..	..	7,478
In prison (February 28)	..	..	..	..	..	..	..	..	4,108
									<hr/> 73,798

Estimates as to what proportion of the vagrants are *bona fide*

workmen travelling in search of employment vary from 1 to 20 per cent. The former estimate, but applying only to London, is that of Mr. W. Crooks, M.P. The estimate with the best body of opinion behind it is 2 to 3 per cent. The next class is the casual worker, of whom it is said, "Once on the road, always on the road." Then come the old and infirm vagrants, who wander about to their own hurt; and lastly, the sturdy beggars who are the lineal descendants of the *validi mendicantes* of the earliest vagrancy laws.

Public attention has been fixed on the vagrancy question by the increase in the number of vagrants, as indicated by the numbers relieved in casual wards :—

				1st January.					1st July.
1900	5579	..	..	..	4170
1901	6795	..	..	..	5455
1902	7840	..	..	..	6609
1903	8266	..	..	..	5121
1904	8519	..	..	..	6748
1905	9768	..	..	..	8556

There was, however, almost as great an increase as this between 1890 and 1895. Moreover, the vagrants enumerated in the casual wards are never more than 30 per cent. of the smallest estimated number of vagrants.

Still, our necessary ignorance as to the exact extent of the evil to be coped with should not deter us from attempting to cope with some of it. The scheme of reform recommended by the Committee, though sufficiently drastic, ought to receive immediate attention from the Government, as it is, at any rate politically, non-controversial in its character. Existing casual wards are to be placed under the control of the police authorities, the buildings being rented or purchased by them. Diet is to be adequate and provision to be made for a mid-day meal on the day of discharge, but detention is to be for not less than two nights, and a task of nine hours' work is to be enforced. Way-tickets are to be issued by the police to *bona fide* work-seekers, available for one month by a definite route. The holder of such a ticket is to be entitled to lodging, supper, breakfast, and provision for a mid-day meal, and to be at liberty to leave after performing a slight task; further, he is to be assisted, if possible, to work in the locality. Habitual vagrants are to be sent to labour colonies for detention for not less than six months or more than three years. Councils of counties and county boroughs are to have power to establish labour colonies or to contribute to certified labour colonies established by other councils or by philanthropic agencies. Exchequer contributions are to be made towards the

cost of maintenance of persons sent to labour colonies. Subsistence diet is prescribed, but the inmates are to have power to earn small sums by their work, and, by means of canteens, to supplement their food allowance. Discharge before the conclusion of the sentence is to be allowed to colonists earning a fixed amount, and showing promise of amendment. Industrial as well as agricultural work is to be carried on in the colonies.

Public attention cannot be too widely and frequently drawn to the closing words of this careful, lucid, and statesmanlike report : " Lastly, we would again draw attention to what, in our opinion, is the real cause of vagrancy, but which, unfortunately, is beyond the power of legislative or administrative action. Were it not for the indiscriminate dole-giving which prevails there would be little necessity for casual wards or labour colonies for the vagrant, and idle vagrancy, ceasing to be a profitable profession, would come to an end."

The *Census of the British Empire* (Cd. 2660, lxiv. + 301 pp., 3s. 5d.) is a compilation derived from existing material thrown into census form. The introduction shows how the difficulties of making a census for any one country are increased when a comparative census is aimed at. Ordinary people have a fairly clear notion of a "house" and an "occupation," but census officials and lawyers are at their wits' end to define them. Some of our colonies and Ireland attempt a religious census, with great success in obtaining information as to the existence of strange cults, e.g. "Calathumpian," "Canopist," "Cosmosophist," "Hoke," "Hylozoist," "Sung Quong," "Thesion," and "Tipon." From 1861 to 1901 the area of the Empire increased from 8½ to 12 millions of square miles, and its population from 259 to about 400 millions. The British colonist generally displays the tendency of his kin at home to prefer town to country life, especially in Australia and New Zealand, where the monopoly of land is obviously not the compelling cause. The percentage of urban population is as follows : England, 77 ; Scotland, 70 ; Ireland, 31 ; New South Wales, 68 ; Victoria, 54 ; West Australia, 51 ; New Zealand, 43 ; South Australia, Queensland, and Tasmania, 39. Sydney, with a population of 487,932, absorbs one-third of the population of New South Wales ; Melbourne, with 496,079, two-fifths of that of Victoria. The former will soon outstrip the latter in size, as it increased 25·9 per cent. in 1891-1901, whereas Melbourne only increased 1·1 per cent.

The decline of the birth-rate in Australia is being made the subject of inquiry by a Royal Commission. The latest number of the *Statistical Abstract for the several British Colonies* (Cd. 2679, 439 pp., 1s. 9d.) gives the following figures showing this decline :—

Colony.	1871.	1881.	1891.	1899.	1900.	1901.	1902.	1903.	1904.
New South Wales	39	38	35	27	27	28	27	25	27
Victoria	36	31	34	27	26	26	25	24	25
South Australia	38	37	34	26	26	25	25	23	25
West Australia ..	30	34	35	31	31	30	30	30	30
Tasmania ..	30	33	33	26	28	28	29	29	30
Queensland ..	43	37	36	27	30	28	28	25	27
Commonwealth ..	38	36	35	27	27	27	27	25	26
New Zealand ..	40	38	29	25	26	26	26	27	27

In 1901 an inter-departmental committee made an inquiry into the employment of children. It arrived at the conclusion that some employment was beneficial to the children, and that there was no need for abolition, but only for regulation. The Employment of Children Act of 1903 was based on the findings of this committee. It gave local authorities power to enact bye-laws, subject to the approval of the Home Secretary, to regulate the employment of children in all occupations, and of persons under sixteen in street-trading. It also laid down two general rules : (1) No child may be employed between 9 p.m. and 6 a.m. ; (2) No child under eleven may be employed in street-trading. The London County Council thereupon framed a body of bye-laws on the subject which were objected to by various employers of child-labour, and were therefore made the subject of a special inquiry on behalf of the Home Secretary by Mr. Chester Jones, who drew up a *Report on the Bye-laws made by the London County Council under the Employment of Children Act, 1903* (Cd. 2809, 28 pp., 3d.). Mr. Jones says that the employers interested took very little trouble to oppose the proposed bye-laws. The inference would seem to be fairly obvious, but the subtlety of the legal mind is admirable, and Mr. Jones, arguing that but for the well-known apathy of Londoners in local matters the bye-laws would have been strongly opposed, proceeded to remodel them as vigorously as if they had been riddled by a fire of destructive criticism ; *e.g.* "Not before 7 a.m. or after 7 p.m." was altered into "Not before 6 a.m. or after 9 p.m.," "Not more than fifteen hours per week" into "Not more than three and a half hours per day." Mr. Jones also drew up a set of model bye-laws for the purposes of the Act, which seems to have been of little effect because of its adoptive character.

The Labour Department of the Board of Trade has issued its *Report on Trade Unions in 1902-4* (Cd. 2838, lxxx. + 196 pp., 1s. 2d.), the annual publication of which has been suspended since the issue of the

fourteenth *Report* in 1901. Mr. John Burnett writes a detailed and lucid introduction, the main statistical points of which are reproduced in a series of charts. At the end of 1904 there were 1148 unions with 16,213 branches or lodges, and a total membership of 1,866,755. The membership had decreased since 1901, owing to the decline of trade, from 1,940,874, or 3·8 per cent. The smaller unions suffered most, and the labourers' unions most of all—viz. a loss of 30,000 members, or 19·4 per cent. The number of women unionists has remained almost constant in the period 1895–1904. The facts show that unions which pay the most varied and liberal benefits suffer least loss of membership during periods of depression. The accounts of one hundred principal unions (with a total membership of 1,127,529) show that in 1904 their accumulated funds averaged nearly £4 2s. per member, and that every pound collected was spent thus : 6s. 4d. on unemployed benefit, 1s. 3d. on account of disputes, 8s. 4d. for sick, accident, superannuation, funeral, and other benefits, and 4s. 1d. for working and miscellaneous expenses. The percentage of income spent on disputes by these unions was less, and the percentage spent on unemployed benefit greater, than in any year of the period 1895–1904. The *Directory of Industrial Associations in the United Kingdom in 1905* (Cd. 2675, 209 pp., 11d.) gives complete lists of all unions both of masters and men, and also of co-operative societies. It is strange to observe how slowly the counties of the south take up the co-operative movement which has attained such gigantic proportions in the north. There are 523 societies in the six northern counties, and 586 in the rest of England, of which London's millions only support fifty-three. The thriving condition of such societies in some towns of the south, e.g. Oxford, shows that on this topic, too, England will think to-morrow what Lancashire thought yesterday.

REVIEWS.

THE PRINCIPLES OF ECONOMICS: A Fragment of a Treatise on the Industrial Mechanism of Society, and Other Papers. By the late W. STANLEY JEVONS, LL.D., M.A., F.R.S. With a Preface by HENRY HIGGS. [xxviii. 273 pp. 8vo. 10s. Macmillan. London, 1905.]

The preface to this work discloses no good reason why the publication should not have taken place within six months of Jevons' death, instead of having been delayed for twenty-three years. The editor expresses his "conviction that the lapse of time has not robbed the volume of any of its interest." I doubt if he has found, or will find, a single person to share his conviction. In 1883, Jevons' vigorous attacks upon Mill would have been attacks on the economics of the day, which would have caused horror on the one side and acute delight on the other. Those of us who were young then would have hailed with applause the pages which begin with the caustic observation, "Mill expounds the theory of capital in four fundamental propositions, all false." Nowadays nobody cares whether Mill laid down true or false propositions, and a lecturer's class are obviously bored by criticism of this character, though they will listen patiently enough to an account of the way in which the errors arose and developed.

The fragment consists of nineteen chapters out of seventy-two which were projected. A list of contents is preserved which gives the titles of all but three of the seventy-two. They are:—Preface, Introduction, Utility, Wealth, Consumption, Multiplication of Utility, Luxury, Value, Supply and Demand, Migration of Labourers, Fallacies of Expenditure, Force, Production, Labour, Production in Time, Production in Place, Production in Manner, Efficiency of Labour, Repetition, Machinery, Science, Division of Labour, Classification of Trades, Mill on Capital, Capital, Distribution, Development of Value, Negative Value, Cost of Production, Profit, Theory of Rent, Wages, Probability, Insurance, Variation of Prices, Analysis of Cost, Cost of Conveyance, Credit, Principles of Finance, Organization of Industry, Partnership, Co-operation, Retail Trade, Foreign Trade, Absenteeism, Trades' (*sic*)

Unions, Fallacies of Employment, Population, Land Tenure, Origin of Property, Money, Banking, Progress, Taxation, Government, Paper Currency, Crises, Tariffs, Interest, Foreign Exchange, Socialism, Wage-Fund Theory, Valuation, Unproductive Labour, Freedom of Trade, Combination of Labour, Bank Act, Poor Law, and End. The order in which these chapters are placed is obviously merely the order in which the subjects occurred to Jevons' mind as he jotted them down, and must not be taken to indicate the order in which they would have appeared if the book had ever been finished. The facts that "Preface" is "Chapter 1," and that no subjects are given for chapters 69, 70, and 71, are sufficient to prove this. But it is strange that Jevons should apparently not have intended to group his wide range of subjects at all.

From the list of chapters, and the matter in those which were written, we can gather that the work would have had a very considerable influence. It would have added, and may still add, some very instructive generalizations to economic theory as taught in this country. There is no good reason why the economist of the future should not follow it in dealing with "Production in Time," or "Work at the Best Time." "The miller works while the breeze blows or the beck is full. . . . The tendency of mechanical improvement, indeed, is to render work independent of the weather and the seasons. The windmill stands still in calm weather, and the miller wastes his time. The steam mill can work day and night throughout the year if needed. . . . Nevertheless agricultural operations, festivities, and many other things, must always remain at the mercy of the meteorological elements; and science, assisted by the telegraph, can do little more than warn us beforehand of unfavourable weather."

Those who have been repelled by the symbols and "functions" in the *Theory*, will be astonished at the simple nature of the style and the doctrines contained in the extant part of the Fragment. Some will say that it consists chiefly in pointing out the obvious. But it may well be asked whether that is not still the chief work of the economist. So long as substantial minorities and often overwhelming majorities of great nations are perfectly incapable of appreciating the most obvious truths in relation to a comparatively simple matter like foreign trade, it cannot reasonably be contended that elementary economics has been successfully taught. Even twenty years after, therefore, we may read the Fragment with profit, and regret that it was not completed.

It is a pity the editor has mixed his own footnotes with the author's without any attempt to distinguish the two. From the editor's

preface, and from the fact that the notes sometimes refer to books published since Jevons' death, we might infer that all the notes were furnished by the editor, but this cannot be the case, as the note on p. 23 refers to "my *Theory of Political Economy*."

The volume is conveniently filled up with reprints of Jevons' well-known article on "Richard Cantillon;" his introductory lecture on "The Future of Political Economy," delivered in 1876; and his pamphlet on the "Match Tax," with its appendix on the "Pressure of Taxation." The "Match Tax" article contains an interesting paragraph in strong condemnation of the old shilling "registration" duty on corn.

EDWIN CANNAN.

GENERAL SOCIOLOGY. By ALBION W. SMALL, Professor of Sociology in the University of Chicago. [ix. 739 pp. 8vo. 18s. net. Unwin. Chicago, 1905].

The University of Chicago has established a faculty of sociology, and Professor Small's book is the outline of the course of studies through which, apparently, the students in the faculty are expected to proceed. It is a volume which should be mastered by every student of that subject which, in England, we are sufficiently old-fashioned to call "sociology." Not for a moment that the student will feel satisfied with Professor Small's results. As I shall have to show, or attempt to show, these results are rather disastrous than otherwise to the science of sociology, as taught in Chicago. But the book is so precise and full in its analyses of various sociological theories, it enables us to see the whole process of sociological development so clearly, and it places so forcibly before us the science for which it makes so bold a claim, that it must take its place among treatises which we have to face, however doubtful the legitimacy of its results. In the last issue of the *Economic Review*¹ I dealt with a smaller treatise issued under much the same authority. I then urged some thoughts in the direction of doubting the validity of a precise science of sociology as therein stated. These doubts are confirmed by a perusal of Professor Small's work. Dr. Ward told us that the subject-matter of sociology is human achievement. Professor Small seems to be of the same opinion, and his work is devoted to a very elaborate study of various types of human achievement, with a subtle accompaniment of commentary as to the underlying forces which have effected this achievement. So far, so good. But when we take the precise details of a science which sets out with the claim to study

¹ Page 111.

human achievement, and ask it what it proposes to do, we are met with the following statement :—

“The desideratum is to be able to say, for instance : The American people are in such and such a situation ; such and such are the chief issues now pending ; the other issues fall into such and such subordinate positions : in view of these facts, the conduct of the American people should be turned in such and such a direction, so as to procure such and such results. An adaptation of the same formula must express the real problem in any minor portion of the social situation.”

Put in this delightfully vague fashion, with its array of “such and such,” the phrase might allure any one. But when we state a concrete case, we see how foolish it all is. Let us grant that the most pressing problem in America is poverty. Suppose there are “such and such” hungry people ; what, then, is the “direction” into which the conduct of the American people “is to be turned” ? Or what is the meaning of “the conduct of the American people” ? In another place Professor Small protests against the submerging of the individual in group theories. “All schemes of society and human life are evidently passed upon by the world’s ultimate tribunal, experience, according as they furnish scope for the elemental and final factor, the individual.” Now, if, with this in mind, we come to talk about the “conduct of the American people,” we see how that conduct can produce no more effect than the individuals who make up the American people. Professor Small is much too acute to imagine that legislative processes will so affect the conduct of individuals that they will solve whatever problem is presented by sociological study ; and consequently, when we face his formula with the grim actuality of poverty, we find that it gives no answer whatever.

The fact is that, if sociologists were only content to be gatherers of information, subjecting their harvests to infinite criticism, we might obtain something of value from their work. We have a right to protest when they profess to produce a science which will be as effective in its own sphere as engineering is in the sphere of matter. It is the element of prophecy which is dangerous. If sociologists ever achieve a science so full and perfect that it can explain and apply national conduct through mechanical processes, they will have reached a day when neither sociology nor any other science is required.

The best portion of the book is the examination of Ratzenhofer’s theories. To these, indeed, Professor Small is more indebted than he seems to be aware. In the one place where he differs from them, he is most probably wrong and Ratzenhofer right. The question is as to the future (these men are so anxious about the future !) of countries

like the United States, which contain various nationalities. Ratzenhofer looks forward distantly to their being split up. Small disputes this opinion, which he ascribes to the fact that Ratzenhofer is writing at a distance. So they are both : both write at a distance—from the future. But there are good grounds for looking forward to a general break-up of vast states. The passing away of militarism will enable smaller states to exist, and there can be little doubt that Ratzenhofer is right when he declares sentiment to be on the side of the little state. We have recently seen such a split up in the case of Norway and Sweden, and we are not far off another in the case of Austria and Hungary. All the subdivisions of the process of social development, as Ratzenhofer has given them, are to be found admirably put in this book. Also the examination of Herbert Spencer's "Sociology" is excellent. Professor Small thoroughly understands the weak spots in the stern creed of Spencer, and his examination reveals them in very welcome fashion.

It is when we come to the constructive portion of Professor Small's work that we shudder. As in the previous book, so here, too, we find process everything and man nothing. Even religion is banished into a corner, and masquerades, with æsthetic productions, as one of the achievements of the human race! With the aid of this science we can sit down and calculate the prospective achievements of our kind, much as an astronomer calculates the time of the tide a century hence. Yet there are disturbing factors. An Evan Roberts will come along and transform, by some power or another, the "conduct" of the people in a Welsh valley. Where do such movements find a place in this science of sociology? What sociologist, be he never so diligent, would have given a handful of fishermen in Galilee credit for upsetting the religious and social ideas of the Roman Empire? No, we can go a long way in research before we have the slightest right to claim that we have established a science which will enable us to prophesy with the confidence of these Chicago sociologists. After all, practical sociology seems to be doomed ever to be empirical. We try this and we try that, and we give up this and we give up that, merely because we are convinced that the life we are leading is a stupendous mystery—a mystery which we strive to alleviate in so far as our less fortunate fellows are concerned, but which we never hope to solve. If it could be solved, if it could be written on the sheet of note-paper which contains the Chicago theory, there are some of us would prefer the rigorous individualism of Nietzsche. Bad as it was, it gave the individuals a chance to show something of their quality. But the vast machine or process revealed in this book, in spite of the earnest declarations to

the contrary which are to be found in some of the pages, will move on in utter disregard of the individual. What is far worse, the individual becomes a mere "calculus of variations of ultimate purpose."

JOHN GARRETT LEIGH.

RICHES AND POVERTY. By L. G. CHIOZZA MONEY. [xx., 338 pp. 8vo. 5s. net. Methuen. London, 1905.]

The economist is apt to look with suspicion upon books written in a partisan spirit. Sociology, which has been defined as economics touched with emotion, is so apt, in the hand of the reforming zealot, to degenerate into emotion untouched with economics. In this book Mr. Chiozza Money has avoided this danger, for into his frank and unrestrained tirade against the constitution of society he has worked some useful and original statistical speculation, which will be as interesting to students as it is useful to platform speakers.

The main theme of the book is the excessive concentration of wealth in the hands of the few. The national income is roughly £1,710,000,000 : of this about one-half is in the hands of less than one-eighth of the population. Five millions of the rich enjoy a total income equal to that of thirty-eight millions of the poor. Of the accumulated capital of the country nearly eight thousand millions are in the hands of the same five million rich, while the rest of the population owns less than one thousand—a mere seven hundred millions. It would certainly be well for every member of the rich classes to read this calculation, so that, if they did not feel disposed to discard any of their huge surplus, they might at least realize their responsibility for the right use of it. We do not doubt that the figures are sufficiently accurate for the author's purpose ; and, as the preface says, "within the limits of a margin of error not large enough seriously to affect the truth of its conclusions, the following examination of the contents of our collective purse gives a general survey of the subject."

Mr. Money's estimate of the national income follows fairly closely the work of Professor Bowley and Sir Robert Giffen : it is not until he touches the question of numerical distribution that he is on untrodden ground. His figures are deduced from the income tax and the inhabited house duty. He assumes that no one with an income of over £700 a year will be inhabiting a house of under £60 a year rental (in the country £50) ; to these he adds the number of those who claimed exemption under the income tax returns, and thus reaches the total of one million persons enjoying incomes of over £160 a year, forming a comfortable class of five millions. No doubt many persons living abroad or in hotels and flats escape enumeration, but, as Mr. Money points out, these

are balanced by persons who, having an income of under £700, yet live in houses of over £60 in value, and are thus reckoned twice. Mr. Money's estimate of the number of wealthy is certainly not too small. An examination of the death duties tends to corroborate this estimate, showing a concentration of capital in the hands of a very few, "under one-seventieth of the population owning over one-half of the capital of the country."

The value of these figures obviously depends upon the use to which they are put. They are not accurate enough to form the basis for any elaborate theory of the laws of distribution, but they are certain enough to prove the gross inequality of our present distribution, which, as Mr. Money displays it with many striking diagrams and much ingenuity of management, set us "furiously to think." Mr. Money continues to help us in the process by setting out in clear figures and uncompromising language the results of this mal-distribution; especially forcible is his exposure of the waste involved in luxury and ostentation; any one troubled with friends who insist that luxury is good for trade should certainly set them to read ch. xii.

Another useful passage is that pointing out that, though a company may be earning only 3 per cent. on its nominal capital, the profit on the real unwatered capital is often very high, and the workers are denied any advantage on the ground that the company is "only just paying." No doubt this is in many cases true, but when Mr. Money takes the broad ground of the shares due respectively to capital and labour, he forgets that he must reckon the whole capital employed in the trade, and not merely the original stocks of some peculiarly profitable company. In most trades the "watering" and appreciation of successful capital does not really balance the capital that has been lost in failures. Again, in contrasting the shares of capital and labour it is not proper to take the *gross* profits, which naturally rise with the increase of capital, and to compare them with the *rate* of wages, which, even if it does not rise, yet as paid to an increasing number of workmen may represent a greater share of produce. Indeed, as Mr. Money proceeds, he becomes more declamatory and less convincing, treating a graduated income tax as a perfectly simple measure, and gaily proposing to differentiate earned and unearned income, as though that most difficult and much canvassed problem could be solved by the nod of a sufficiently socialistic chancellor. Perhaps the new Parliament, which we are glad to see is to have the advantage of Mr. Money's energy and knowledge, will persuade him that the difficulties of administration are not all due to mere Tory stupidity.

It is easy to quarrel with classification, and, for purposes of propaganda,

"poor" is a good contrast to rich. Still, to call a family poor on £160 a year is misleading, and more so when we come to reflect that were the error in distribution entirely rectified the income per head available would be under £40, so that a family of four would still be under the poverty line, and only to the happy possessors of three or more children would Mr. Money's Collectivist State offer an escape from Mr. Money's "poverty." Curates and undergraduates would then, as now, be among the poor.

Still, in spite of exaggerations, which are perhaps inevitable, and some few slips in a mass of figures, we have here a book which is both suggestive and useful. It is well worth reading.

J. R. BROOKE.

LES LOIS D'ASSURANCE OUVRIÈRE À L'ÉTRANGER.

III. Assurance contre l'Invalidité. Première Partie. Par MAURICE BELLOM. [v., 560 pp. Large 8vo. 15 francs. Rousseau. Paris, 1905.]

In this bulky new volume of a series which has grown to the dimensions of a cyclopædia, M. Bellom, who has become a recognized specialist on the subject of working men's insurance, deals very fully and ably with a form of provident insurance which has been found a veritable crux to social reformers in all countries. How to deal with that general decay and disablement, due neither to old age nor to accident, which comes to workmen in the best regulated employments—and which the Germans have termed "invalidity"—has hitherto proved a terribly hard nut to crack. This is a form of disablement which is among ourselves provided for, so far as it is so at all, purely by voluntary insurance, and that chiefly by means of the Friendly societies. Abroad, likewise, voluntary insurance has been tried. The United States have their "assessments," and German Switzerland has "Frankencassen." The provision so made in this way has not, however, commended itself to German love of "Gründlichkeit" as nearly sufficient or altogether satisfactory. Accordingly special legislation was promised as long ago as 1881. No measure of the kind foreshadowed was, however, actually passed until 1889. But that proved to be only the beginning of legislation. An amending Act was found necessary as early as 1891; and there have been three or four other amending bills submitted since, in each case after careful inquiry, though without passing into law. At the present time the German Government, troubled with diverse dilemmas, in spite of continued boasting, is talking of throwing all its working men's insurance

legislation once more into the melting-pot, in order to simplify and, if possible, unify it, by recasting.

It is to German legislation that M. Bellom in the present volume strictly confines himself. But what with its various details and a mass of very valuable statistics, collected with great care, that country alone gives him quite sufficient to do. The subject is, however, not without interest to ourselves. "Fiscal reform" has revived the slumbering spirit of old age pensions, and the discovery that effective protection will not raise the wherewithal to pay for it will not lay it to rest. And old age pensions, without what the Germans call "invalidity" pensions, must necessarily be like giving a man half a coat to cover himself with when he wants a whole one. Indeed, in industrial districts in Germany, "invalidity" insurance is found to be distinctly the more important of the two. Accordingly, if we set ourselves to think of old age pensions we shall have to think of "invalidity" pensions as well. What that may mean we are in a position to gather from a statement recently made by Dr. Evert, of the German Imperial Statistical Department, to the effect that working men's insurance of all kinds, including State subventions as well as employers' and employees' contributions, now costs the Empire the substantial sum of £100,000 per diem.

HENRY W. WOLFF.

DIE ZUCKERPRODUKTION DER WELT. Von DR. H. PAASCHE, Geheimer Regierungsrat, Vizepräsident des Reichstages, u.s.w. [ii., 338 pp. 8vo. 7.40 marks. Teubner. Leipzig, 1905.]

This is a very opportune and interesting book. But as an Englishman it makes one feel rather small. Here is a teeming, bustling market, for a commodity of which a British possession was the first producer, for the growth of which British territory seems specially marked out by nature, to the cultivation of which the British Empire assigns by far the largest area, under conditions as favourable as can be—a commodity of which the United Kingdom is by far the largest consumer, and in which nevertheless the British Empire is thrust back into the second or third rank by more pushing competitors. Even on the very threshold of our dependency which was the original cradle of the sugar industry—to wit, India—that is to say, in Persia and the adjoining countries of Asia, we find our Indian cane sugar effectually crowded out by Russian beet sugar; which in its turn successful German competition, monopolizing the East-European market, has compelled to seek a fresh market in those parts.

In the production of sugar the modern beet has, as regards quantity,

long since outstripped the cane. It produces more, and under conditions more favourable for commerce. But even among cane-growing countries British possessions are being distanced by such more carefully cultivated countries as Peru, the Sandwich Islands, and Cuba.

This is not the effect of protection. Dr. Paasche is very careful to point this out, and what he says is worthy of all attention in protectionist quarters. Germany, so he shows, having once worked its way up to front rank, could now easily maintain itself in its coign of vantage in a perfectly free market. Incidentally the author also demonstrates how utterly misdirected were those early protectionist pleadings which promised our working classes the boon of old age pensions out of the receipts from protectionist customs duties. Germany began by taxing sugar for revenue only. And the duty yielded largely. From the moment that it became protective, however, it ceased to yield, and, not to fall short in national income, the Government found itself compelled to tax national production in addition to foreign. What a prospect for our "decaying" industries promised relief by protection!

What has lost us ground, and what has gained Germany her present pre-eminence, is, in the one case, neglect and idleness; in the other, careful, continued, persevering labour, study, observation, and judicious action. It is almost humiliating to find the Germans so well informed about what is being done to our detriment in our own West Indies, not solely from the Report of our West India Commission, which of course they have read, but also from independent information, collected on the spot by German agents and deposited in the Government offices at Berlin. There seem to be eyes everywhere watching and scanning. Chemical and agricultural inquiry has also been at work, and the result is that Germany knows exactly how to produce, and actually produces, the most heavily and most profitably of all the nations. It has long since outstripped France. Even the fiscal mistakes made by its Government have somehow worked out for good. The Government began by taxing raw material, which at once put every producer on the *qui-vive* to produce a higher percentage of sugar than the Government tariff allowed for. By this means cultivation was immensely improved. In contrast with this, on our side all seems neglect and decline. The West India sugar-growers are capital complainers, but very indifferent reformers. Their land has, by constant repetition of the same crop, grown "cane-sick." Jamaica reaps only 36 cwts. to the hectare, Trinidad only 72 to 80, in comparison with 80 to 90 already reaped in Cuba, 120 to 140 in Peru, and 208 to 666 in the Sandwich Islands. That is not all. Having reaped small

crops, our colonists do not know how to turn even that to the best account, by extracting a maximum of juice and converting it into the most marketable shape of sugar. Indians in the United Provinces are as careful and painstaking in the cultivation of the cane as any one can be. That is one bright feature in the tale. But their methods are hopelessly primitive, and yield only a syrup of quite inferior quality.

The proper remedy is, of course, to be found, like the rust on Achilles' spear, in the very weapons which have struck us the most damaging blows. One of Dr. Paasche's objects in writing this book appears to be to reassure the German sugar interest, which, having been taught to believe in protection as the sole source of its prosperity, feels alarm at the slenderness and insecurity of such foundation. Accordingly he belittles the prospects of cane competition. Once, however, our cane-growers apply themselves as carefully and scientifically to these problems as the Germans have done; once, forgetting the fleshpots of cheap slave labour which gave them a questionable advantage, to which their memory still repiningly travels back, they study how to till, how to manure, how to cultivate, how to grind, extract, and prepare, there is, on Dr. Paasche's own showing, no reason why they should not turn the tables upon their competitors.

Incidentally Dr. Paasche—whose information is, of course, all very carefully selected and exceedingly well put together—shows us how very badly we have done for ourselves by the Brussels Convention, which has greatly benefited Germany, and no less by taxing sugar.

HENRY W. WOLFF.

THE GROWTH OF THE MANOR. By DR. P. VINOGRADOFF, Corpus Professor of Jurisprudence in the University of Oxford. [vii., 384 pp. 8vo. 10s. 6d. net. Sonnenschein. London, 1905.]

The influence which the appeal to antiquity exerts on the human mind has perhaps never been better illustrated than by the dispute which has raged for the last half century over the origin of private ownership in land, and of one particular form which rights over land have assumed in England, namely, the manor. Did primitive man live in a state of communism or individualism? Was folkland the land of the people, or was it private land held according to popular tenure? Is the organization of the manor, as we know it in the later Middle Ages, the survival of a primitive communism, upon which the private rights of the lord have encroached, and from which the individual rights of the tenants have been slowly—not even in our own

day completely—disentangled ; or is it due to the lord's grant, and to the voluntary arrangement of tenants, whose interests, such as they were, were originally individualistic ? These and the like questions, be they fair questions or not to ask of a society to which the terms used could by no possibility have been explained, might seem to be of all questions the subject of dispassionate speculation and research. Yet the heat with which they have been debated should warn us that there has been at work something besides mere zeal for historical inquiry. To find that communism is primeval has been treated almost as a finding that communism is right : to find against its primitiveness has been regarded as a badge of individualism.

Another cause has tended in the past to vitiate speculation on the history of social institutions. It has been assumed that if we could reconstruct a primitive or early society, we should find that its organization depended on principles few in number, crude it may be in character, but clear and definite, and applied with relentless consistency. Men have argued as if the co-existence of contending principles was a late product, and as if indefiniteness could only be explained by the wearing down of distinctions once hard and clear-cut. Early man's social conceptions, for instance, must have been purely agnatic or purely matriarchal. Whatever will not fit in with the one class of conceptions or the other, must be treated as late and non-essential. The village community must have been in origin an autonomous community of members with equal rights, or a body of rightless persons under the domination of a lord. Why a society so free from contradictions should ever have developed into anything else has, no doubt, been a difficulty. It would, in fact, be not unlike the Epicurean world, in which the atoms moving in parallel lines needed some declination, however small, to produce the world we know. Nor has any reason been offered for supposing that inconsistency and indefiniteness are something peculiar to advanced civilizations.

Professor Vinogradoff has not, it is true, been the first to steer clear of these misconceptions. Notably in this country we owe, above all, to Pollock and Maitland's "*History*," the recognition that no early system of institutions can be reduced to a single formula. Indeed, in recent years research into the materials at our disposal has outrun the formation of theories of development to such an extent, that the student runs more danger of being overwhelmed by the mass of detail than of being misled by onesided formulæ. As our author says, "We were clearer in our minds before recent researches had laid bare the many hidden pitfalls which underlay our hasty generalizations."

In his present volume, Professor Vinogradoff aims at co-ordinating

the results which bear upon the origin and growth of our manorial institutions. It is no longer a question of finding or defending single formulæ. We have to deal with completing principles, with tendencies more or less completely carried to their logical conclusion, with compromise and contamination.

No period of our history has been neglected by Professor Vinogradoff, or can safely be neglected in this inquiry. Celtic society came under the influence of Roman institutions, but its social organization was rather absorbed into that which the Romans brought with them than supplanted by it. Again, the institutions of Roman Britain could not have been swept clean away by the English Conquest, catastrophic as it was. The old society was broken up and paralyzed, not taken over bodily by the conquerors as a going concern, but just as little can one assume that its fragments did not survive to be incorporated in the new social order.

Thus Professor Vinogradoff finds it necessary to devote two chapters to the Pre-English period, the first to Celtic tribal arrangements, the second to Roman influence. We cannot say these chapters yield any positive results for the elucidation of the main problem. While our author finds it impossible to deny that much of the organization of the older society must have been taken up into the new, the darkness in which the early centuries of the English occupation of the country are wrapt makes it impossible for him to point to specific elements which were so taken up (save for one rather shadowy suggestion to which we shall refer), and he wisely abstains from mere conjecture. Still, apart from their intrinsic interest, these chapters are not without their value for the question at issue. If we find in Celtic society an agricultural organization in which the land is shared, and the work upon the land carried on in common, if we find relations of superiority and dependence, and all this as a native growth, we shall hesitate at jumping to the conclusion that similar institutions among the English can be explained only as derivative from the system of the Roman *fundus* and colonate.

The rest of the volume is divided into two unequal parts, the former and longer dealing with the Old English, the latter and shorter with the feudal period. The former, constituting as it does the bulk of the whole work, contains also the materials, such as they are, for the decision of the crucial questions. Professor Vinogradoff begins (after some account of the English Conquest and early family and political institutions) by treating the free settlement as typical, and devotes three chapters on this footing to a description of the township, the open field system, and the history of the holding. But in the last

chapter of book ii. ("Manorial Origins") he admits that, "from the very first stages of the English occupation of the island, we have to reckon, not merely with small landowners joining in townships on the shareholding system, but also with great landowners possessed of large tracts of land, and utilizing them according to their wishes and notions." In the case of land so held, he thinks that the tradition of Roman estates survived, though at the same time he holds that "a township created on ecclesiastical land was not materially different in regard to its constitution in the arrangement of its agriculture, its pastoral rights, its treatment of the waste, from a neighbouring township in folcland." This does not appear very satisfactory. In the first place, what do we really know of landholding in "the very first stages of the English occupation?" As the author reminds us, "not one of the English churches could trace its pedigree as a landholding institution from the time before the English Conquest. And how do we know that the grants of great tracts of land to great men goes back to those earliest stages? If, on the other hand, it is really true that settlements on great estates under a lord go back so far that Roman traditions could survive in them, why should their organization so closely resemble that of the free townships, and not rather show some retention of Roman influence? An upholder of the Roman influence might indeed argue that the resemblance between the two was equally well explained on the assumption that the township settled by and under a lord formed the model for the free township, if it is once admitted that the former is as old as the latter.

Two points, at any rate, we think Professor Vinogradoff makes good. One is as to the question whether the change from the position of this *gebúr*, as described in the Rectitudines, to that of the feudal villain is one from a freer to a more servile condition, or, as Mr. Seebohm has maintained, the reverse. Professor Vinogradoff seems clearly to be right in holding that the former is the true view, and that this points to the fact that "the class from which the villainage arose was evidently drawn to a great extent from an originally free population."

The other point is as to the existence of some organization in the township, to which we can hardly give any other name than that of court. It has lately been maintained, and indeed it has almost become the accepted view, that the manorial court is strictly manorial, and does not represent anything which existed before the township was fitted into the manor, or divided between manors. But if the village landowners "formed a group of men whose economic affairs were inextricably intermixed,"¹ this seems to involve some

¹ *Domesday and Beyond*, p. 350.

authority which has defined and modified their interlacing rights, and which adjusts them in case of conflict. In manorial times we find that the manorial court fulfils this function: Professor Vinogradoff has collected a number of instances.¹ Are we to suppose that in the premanorial days no corresponding organization was needed? I agree that neither "automatism," the tendency to the perpetuation of a once established custom, nor "reality," the attachment of rights and duties to a piece of land, are a sufficient explanation. And I would go further than the author does and express a doubt whether even an established custom would automatically perpetuate itself without some compulsive force. The fact that manorial and local customs survived even the decay of manorial courts surely finds its explanation in the rule laid down by the king's courts, that a reasonable custom duly proved would be enforced by them.

The best thanks of all who are interested in the economic, legal, and political questions dealt with in this book are due to Professor Vinogradoff for his work, valuable alike for the stores of information which it makes available, and for the skill with which he has marshalled his materials. At the same time one may be permitted to make three criticisms on what are matters of form rather than of substance. In the first place, I think that it would have contributed to clearness if the author had more definitely called attention in the text to views he is combating. A reader who begins the study of the subject in the present work will miss much, because he is treated as if he were familiar with the previous literature. In the next place, it is to be regretted that so much of value is relegated to the notes, instead of being incorporated in the text (*e.g.* the note 39 on pp. 372-3), the more so as these notes, instead of being printed at the foot of the page, are separated from the text, and placed at the end of each of the books into which the work is divided.

And, lastly, I hope that it will not be thought ungracious towards one who, as a rule, is as much a master of our language as he is of our institutions, to suggest that in some cases (especially in the latter half of the book) his use of words is calculated to mislead, or at any rate embarrass, the reader. I have noted the following: surrender (= grant), p. 230; instances (= authorities), p. 231; feoffment (= fee), pp. 308, 310; matter of fact (= *de facto*), p. 311; too rough a handling (= too harsh an exercise) of the lord's right, p. 312; outfall (= result), p. 316; prejudice (= presumption), pp. 320, 323; useful demesne (= *dominium utile*), p. 322; economy (= home-farm), p. 327; benefice (= benefit) of clergy, p. 344. And I have noted a good many

¹ *Domesday and Beyond*, p. 268, note 46.

misprints, *e.g.* Coulanger, p. 86 ; states (= status), p. 215 ; servlices, p. 234 ; iadominicatus, p. 224.

W. M. GELDART.

PRINCIPLES AND METHODS OF INDUSTRIAL PEACE.

By A. C. PIGOU, M.A., F.S.S. [xx., 240 pp. Crown 8vo. 3s. 6d. net. Macmillan. London, 1905.]

The problem which Mr. Pigou sets himself to solve is, in the main, an ethical problem. He holds that some ethical significance underlies every question of arbitration. But, recognizing that a solution can only be obtained by the aid of an investigation of "actual and recent experience," he enters at once upon that investigation, so conducting it "as roughly to suggest the limits of what is practicable." He gives us, in his own phrase, a "background of history." And as at the outset he states the conditions and details the advantages, so, in the final part of his book, he sets forth the methods of industrial peace. A classification of the necessary machinery is accompanied by many sound remarks upon the spirit in which it must be worked in order to secure the maximum of good results. He insists upon the ethical value of attempts to secure industrial peace, inasmuch as they often spring from a moral impulse, and often lead to a moral, as well as an economic, result ; and the more spontaneous they are, the greater is their value. It is thus a cardinal principle that mediatorial agencies ought to refrain "from acting in such a way as to check the formation of voluntary mutual boards within the trades themselves."

As an instance of Mr. Pigou's own attitude, we may take his summary of the relative advantages of a sliding scale and of an agreement for a fixed period. "Upon the whole," he says, "when the relations between the parties are bad, a scale is generally superior to an industrial agreement, but when relations are very good it is inferior." He shows in the course of his argument how, in fact as well as in theory, the arrangement which is ethically best is also economically best. The final chapter deals with the problem of "coercive intervention." Mr. Pigou is cautious in his treatment of the question of State action. Its advantages are obvious and direct ; but, on the whole, he is in favour of a "scheme restricted to specially important industries, and providing for coercive reference, at the discretion of the Government, to a court whose awards depend upon the sanctions of public opinion." He urges fairly enough that if preferential treatment is accorded to trade unions, the State is entitled to modify the union rules where necessary. Mr. Pigou's genius is for classification and formulation. Hence the book abounds in clear,

terse, vigorous formulæ. They are not illustrated by superfluous facts. But to the man of business who knows the facts, these convenient and forcible generalizations will serve to bring out the true and full significance of what may have seemed mere rules of thumb; and at the same time they are so striking that they will stimulate the student to investigate the mass of detail into which they introduce order, and on which, to a great extent, they are based.

In the second and middle part of the book, which is at once most original, most abstract, and most difficult to follow, Mr. Pigou is, perhaps, over-technical in his language. It is true that he has relegated to an Appendix his mathematical reasoning, which I must confess myself incompetent to discuss. But in a book which deals in an intelligible way with a subject of interest and importance to more than a "narrow circle of economists," he employs a somewhat abstruse phraseology, largely drawn from the writings of Professor Marshall. "Long-period competitive results" is not a self-explanatory phrase. Nor are the arguments on pp. 46, 47 at all easy to grasp, though they are quite legitimate. Even an economist may be pardoned if he has to hesitate over such a statement as this: "In short, the biological law of functional adaptation supervenes upon the mechanical laws of equilibration."

In seeking to determine the principles of industrial peace, Mr. Pigou holds that, though "no positive law can be formulated in accordance with which settlements will be made," yet if we regard political economy as an ethical science, its teachings reveal "a normative law in accordance with which settlements *ought* to be made." These laws or principles he considers in reference both to problems of remuneration ("the fraction of wages") and to the more general conditions of labour ("the demarcation of function"). The chapters in which he deals with these subjects are full of interesting generalizations. Thus it is argued—and fairly proved—that "wages should vary in response to oscillations both in the demand for and in the supply of the labour concerned;" and important deductions are made from the fact that, "owing to the practice of making for stock, the fluctuations in employers' demand generally lag behind those of the public demand *in amount*." As to the best index of oscillation, the author discusses the merits and demerits of prices, margins, output, and "profits" successively, and concludes that the result suggested by any one ought to be checked by reference to all the others. The various propositions are apparently put forward as in the main deductions from abstract principles; but many of them, at any rate, might equally well be drawn from an inspection of facts. It is not, of course, surprising

that the results of theory and practice should coincide. But is it theory? Mr. Pigou deals in two short chapters with the "principles of wage settlements" and the "statistical determination of the normal wage." He argues that because bargains between two combinations are *economically* indeterminate, it does not follow that there are no *ethical* principles by which they ought to be settled. Similarly he discusses the question of arbitration in connexion with the general distribution of wealth, and decides that, on the whole, in consequence of indirect effects, attempts to give the poorer workers "higher wages than the trend of economic forces would naturally bring about" is injurious. Consequently, it is impracticable for arbitrators to aim at any higher end than the good of their immediate clients. In all this the author does not seem to get rid of the inherently indeterminate character of his main principle. There may be a principle of distributive justice which *ought* to overrule economic tendencies. Mr. Pigou himself inclines to define the "normal wage" as that which may be "equated to the general level of efficiency wages." But there is no agreement on the point, and under a strictly competitive system, in which alone a system of incessant arbitration would be necessary, it is difficult to see how economic tendencies are to be interfered with. Even in his own reasoning, I venture to think, Mr. Pigou is more indebted to economic than ethical principles. It must be a question of give and take between the two parties; and how much the one will give or the other take is a question which certainly in practice, and probably in theory, will best be left for decision on economic lines.

However, though it may be questioned whether the author has carried his main point, there is no doubt whatever as to the extraordinary ability and force with which he conducts his argument. His book stands pre-eminent both in usefulness for the man of business and in importance for the academic economist. And it does so largely because it is original.

C. W. HURCOMB.

GOVERNMENT REGULATION OF RAILWAY RATES. By H. R. MEYER, Assistant Professor of Political Economy in the University of Chicago. [486 pp. 8vo. 6s. 6d. net. Macmillan. New York, 1905.]

This is an able, but biassed, book. Its main object is to protest against Government regulation of railway rates in the particular case of the United States. There is a growing feeling in America that the power of the railroads to influence trade is too great, and that some public control of them is necessary. Professor Meyer's object is to show that any

such control would do more harm than good. His method is to compare various instances of State control, such as that of Germany—in which the free development of trade is undoubtedly hindered by politics, local jealousies, and the need of an immediate return for money spent on the railways—with a system of honest competition, which mutually benefits both the railway and the public; and such a system, he assumes, exists in the States.

Now, Professor Meyer forgets, or ignores, two things; first, that public control does not necessarily involve all the evils he recounts; and secondly, that competition in the States has been so much “regulated” by those who control the railroads, as to be in danger of death.

As to the first, he omits the important case of Great Britain. Here we have public control of rates, *combined with* those advantages which Professor Meyer considers possible only in its absence—such as group rates, differentials, and considerable elasticity; indeed, all that is meant by “charging what the traffic will bear,” which is the true principle of railway rates. It is only where railways are owned, as well as supervised, by the State, and where the regulating authority is not independent of party politics, that troubles come.

As to the second point, competition in the States is fast disappearing. To say that there are six hundred operating railroads is irrelevant. How many controlling interests are there? It is not competition, but monopoly and its abuse, that needs regulation. Reasonable amalgamation is entirely desirable; no one asks for a war *omnium contra omnes*, which can only lead to waste and inefficiency. But that one man should control the whole trade of regions far larger than England, is a great risk, even though his power be wisely exercised. And the American standard of commercial honesty is not so high that we should hastily believe the present system to be satisfactory. If regulated competition becomes monopoly, and if monopoly is abused, there is, as things stand, no remedy; and a remedy is needed.

This is the bottom of the whole difficulty. Regulated competition is admirable, if honestly regulated; monopoly is admirable, if disinterested; but neither of these things, in the United States, is wholly so. Therefore, Professor Meyer's arguments have an academical, rather than a practical, importance.

H. G. A. BAKER.

LA CO-OPÉRATION : CONFÉRENCES DE PROPAGANDA.

Par CHARLES GIDE, Professeur d'Economie Sociale à la Faculté de Droit de Paris. Deuxième Edition. [396 pp. 12mo. 5 francs. Société du Recueil. Sirey. Paris, 1906.]

Professor Gide's writings on Co-operation are a little distressing to a reviewer who is himself a co-operator. The language is so very fine, the writer's burning zeal appears to carry him up to the clouds. When the writing is the text of a spoken address, you may almost hear the deafening cheers by which it is interrupted. For Frenchmen love fine sentiment and glowing diction, often enough to the detriment of practical work. But when it is all over, what have you got?

These addresses, which really represent a new volume—for the changes made since the appearance of the first edition are considerable—seem to go a long way towards explaining the almost hopelessly disappointing condition of French distributive co-operation, which claims Professor Gide for its head. It is the remark of co-operators in all countries that French co-operation never seems to get on. It cannot maintain its own wholesale society. It cannot arrive at a good state of organization. Its accumulation of capital is of the scantiest. Every now and then some well-known society drops into dissolution. There are no acts to back the beautiful speeches. Our British Shillitos and McInneses could never speak or write as does Professor Gide. But they keep their co-operation in the right path. If French co-operation is to succeed it will have to look out for some Shillitos and McInneses to grasp the helm.

In some of his views on co-operation Professor Gide is just a little extravagant in his optimism, but those views are by no means perfectly clear. He expresses fierce detestation of Socialism, and yet professes here and there what are bound to appear to us socialist opinions. Like the violent "collectivists" of the Continent, he is extremely bitter against the present organizers of commerce—that is, tradesmen, and sees in them only exploiters of the public, who raise the price of commodities simply by clapping on a high profit. The expense of moving the goods, grading, delivering them, and the want of some such work, while co-operative societies are only a thing of the future, are not allowed to come into account. He would change the existing "order of things" and bring about a millennium, in which "consumption" is to be king, capital the wage-paid servant, and production the maid-of-all-work. Competition will be gone, but the consumers will keep the producers up to the mark in respect of genuine manufacture, and the adoption of the most recent models and processes. We are also to

have that collective agriculture, the notion of which at present appears to most of our British co-operators exploded.

It seems rather a curious definition to give of "self-help," to say that it means pushing another man into the water and then letting him shift for himself.

Professor Gide's hostility against what—not always rightly—he supposes to be "Socialists" carries him too far. If he and other theorists in his country were to incite their followers a little less to war with the supposed enemy and teach them to be tolerant, as we are over here, not without benefiting by it, perhaps French co-operation would be the gainer by the change.

The addresses are, however, capital reading, and indicate a good deal of reading gone through by their learned author.

HENRY W. WOLFF.

SHORT NOTICES.

MONOPOLIES, TRUSTS, AND KARTELLS. By F. W. HIRST.
[179 pp. Crown 8vo. 2s. 6d. net. Methuen. London, 1905.]

Mr. Hirst is a lawyer, but he ranges wide and writes in a lively style. In so small a compass, we cannot look for elaborate system or exhaustive treatment, and the last chapter, for instance, on "English Trusts and Combinations," both suffers from lack of thoroughness and ends rather abruptly.

In these days of hasty foreign analogies, perhaps the most interesting and important chapters are those which deal with the kartells in Germany and Austria, and the American trusts. Mr. Hirst is of opinion that the purely economic advantages of large combinations are commonly over-estimated. They are, he thinks, only successfully fostered by a high tariff and differential railway rates. He shows the injurious effect upon the home consumer of a system which enables the producer to sell cheaper in the foreign than the home market. He quotes M. Sayons as saying "that it is often good business to buy German coal in Switzerland or Holland and reimport it into Germany." He thinks also that the success of these huge industrial combinations is exaggerated, cites the Atlantic Shipping Trust as a case in point, and reminds us that in the first half of 1903 no less than forty-four American trusts were placed in the hands of receivers. Nor does he

consider them in so good a position in regard to export trade as is generally imagined. As a free trader, Mr. Hirst feels himself on safe ground when he deals with monopolistic enterprises in other countries. As he says, "It is impossible for any English combination to raise English prices above the level of international prices ; for if they tried to do so, their goods would be immediately undersold by importations from abroad." Though Mr. Hirst nowhere states his convictions or enunciates the generalities of his subject, it is not difficult to gather them from the telling instances and shrewd phrases which make the book very readable.

BRITAIN'S DESTINY. GROWTH OR DECAY ? Being Outlines of the Redemption of Labour and the Science of Civilization. By the late C. B. PHIPSON. Edited by M. B. F. Major. [xii. 205 pp. 4to. 5s. Cassell. London, 1905.]

Republication in outline or by means of extracts is only justifiable where a book has a large vogue and is widely read. Mr. Major's course, therefore, in republishing these outlines seems to stand condemned. He himself confesses that the works of Mr. Phipson have had very little vogue. "I am persuaded," he says, "that if once his (Mr. Phipson's) views are known they must commend themselves to a wide circle." The "striking manner of propounding his case" and the "striking remedies proposed" are rather likely to be hidden than to be made clear, in such a skeleton outline, even if one were prepared to admit the qualities which Mr. Major claims for Mr. Phipson's work. The sincerity indeed exists, but it is the sincerity of a man who scarcely knows his subject. The novelty of the work is confined to the fallacies propounded, and most of them are old. There is nothing particularly striking about the method of presenting the case ; and the remedies, for instance his national currency and abolition of the cheque system, are only remarkable for their futility and impracticability. We will give a few instances of Mr. Phipson's ideas. He defines rent (p. xi.) as "a definite quantity of food products from a particular parcel of land paid to the landowner, now commuted to a money payment." Again he identifies money and currency, although including all credit instruments under the former. Again he commits himself to the wild and baseless assertion (p. 56) "that the payment of true hire is never even an occasional accompaniment of wealth-production by British wage-earners." Indeed the whole conception of the book, its analysis of existing conditions, and its proposed remedies are likely to blind the eyes of the public to the real evils that exist, and lead them away from the consideration of the true remedies for such evils. Far from agreeing that a knowledge

of the outlines here published will commend this work to a wide circle, it seems, on the contrary, that it has not attracted and never will attract such a circle, simply from lack of any power of attraction.

ESSAYS AND ADDRESSES ON ECONOMIC QUESTIONS
(1865-1893). With Introductory Notes (1905). By the Rt.
HON. VISCOUNT GOSCHEN. [354 pp. 8vo. 15s. net. Arnold.
London, 1905.]

Lord Goschen has been well advised in publishing this collection of essays and addresses on economic questions. It is not often that theory and experience are so happily combined. The fact that their author is at once a student and a man of affairs gives to these essays and addresses a breadth and an actuality of view which is as remarkable as it is rare.

The collection itself treats of such subjects as banking, currency, commercial crises, the distribution of trade-profits, the effects of joint-stock enterprise, of *Laissez-faire* and Government interference—regarded throughout from the standpoint of a practical man of business, “or of a public servant, anxious to inquire into financial, economic, and social facts with a view to their bearing on matters of administration or legislation.” In every case an introductory note has been prefixed, and in some instances a supplemental note added, “with the object of bringing the light of the present day to bear upon these studies of the past, and of tracing either the continuity or the divergence of influences which were conspicuously operative in earlier days.”

The address which has, perhaps, most interest for readers of the *Economic Review* was dealt with in a separate notice in the last number, but no students of economics can afford to neglect such model exercises in the analysis of complicated phenomena as the essays entitled “Seven Per Cent.” and “Two Per Cent.,” or indeed any of the essays dealing with episodes in banking, monetary, and currency history. Lord Goschen is, perhaps, least convincing when he ceases to be an analyst and becomes a preacher; but it is the preaching of one who has practised, and if it is somewhat one-sided, it is always weighty.

THE COMMUNITY AS FOUNDER.

A LIKE in its national and in its local incorporations the community affects by its activities the production and distribution of wealth. In the first place, it supplies a material condition, a *sine quâ non*, of wealth-creation in the security it gives to life and health, liberties and possessions. In so far as it really secures these, it perhaps involves more of State and parochial interference with the individual than some of us quite care to admit. At all events this function justifies the taxing-power, and therewith the rating-power, if a rate be merely "a tax which is local, and normally earmarked for a specific purpose." In the second place, States and townships are positively concerned either in the production of wealth or in the distribution of it through some channels rather than through others, when and in so far as they either exercise for themselves, or establish and preserve, or simply preserve for some of their members, any powers of supply of things or services that result in the restraint of competition.

Examples of activity of the second type are of considerable variety and scope. They range from the constitution of monopoly privileges to the merely permissive attitude towards the acquirement of such privileges (or certain quasi-privileges resembling them in character, though not technically monopolist), by what some of us may perhaps still regard as free contract. Monopoly means the control of supply in restriction of competition, whether such control be the result of direct legal enactment or of competition under the authorization of *Laissez faire*. The community arrogates to itself monopoly privileges when it establishes a national post-office or telephone service, or when it organizes a municipal water-supply or tramway. It maintains monopolies, or quasi-monopolies, or conditions from which monopolies in the hands of favoured individuals or groups may

arise, when it allows settlements of landed estate in entail, or otherwise in restraint of competition, or when it enables the compulsory purchase of land by railways and other corporate bodies. Or again, when it sanctions the severance of ground ownership and building ownership upon lease, when it permits the limitation of liability (joint and several) in certain types of conjunct enterprise, when it charters a bank with special privileges in regard to the issue of promises to pay, or when it restricts trade in intoxicating liquors with resultant advantage to the holders of licensed property, with or without recognition of their vested interest in the matter: in all such cases the community is establishing monopolies. Similarly the municipality allows with State sanction the establishment of water and gas and electric undertakings, sewage farms, tramway and omnibus services, and the like, under conditions of law-enacted or of virtual monopoly. Or it exploits these monopoly privileges for itself, whatever that may mean. The difference of type in the functions assumed or permitted by the central and local authorities respectively, appears to follow directly from two points noted by Lord Goschen. "The ubiquity of its agents" gives the State special facilities for the discharge of certain services: "the overlapping of different systems and areas" acts in the same direction, by inviting interference from an administration not departmental or exclusively local.

Something of a medley of kinds of activity this, and one that does not obviously reveal any principles. Settlements in entail are not monopolies according to definition, though they act in restraint of free transfer of land. And they are survivals, a bit of our continuity with the historic, and, some of us might add, with the barbaric past. It is in order to counteract some effects of the policy of that past in regard to property in land that we ignore present-day attempts to exhibit settlements in entail as matters of free contract, and call to our aid the doctrine of the State's "eminent domain" to justify the overriding of such free contract. Really, of course, compulsory purchase does not rest for its justification on eminent domain, but upon the rejection by the common reason of any claim to "absolute"

property in land. The earlier rectifications of anti-social, because unprogressive, occupancy were by way of conquest or confiscation. When the right of the strong hand was gradually dwarfed by the might of law, there arose a new conception of the rights of landowners, and a claim to control them and exact a ransom from them as the parties whom it suited the community to allow to benefit exclusively or predominantly by its unearned increment. The principle of limited liability, again, sprang from the desire of high finance to tap the relatively inaccessible reserves of the larger public. It was acquiesced in as diffusing over a wide area the opportunity of returns on a new and higher scale to quite modest investments. It stimulated saving, say its admirers, and concentrated capital. It sapped all independent reserves, say its critics, and over-centralized capital to the advantage of financial adventure at the expense of industrial enterprise; though clearly there is a limit to the extent to which sterile undertakings can flourish upon the ruins of fruitful ones. It enabled the speculator, so runs the opinion of collectivist writers, to escape the worse consequences of his misdeeds, and it won us all to complicity in the individualist gamble. Once more, licensing restrictions follow directly and necessarily from the State's activity in the sphere of police. Drunkenness is the most apparent of the breeders of crime, and, on all views of the proper limits of State action, the regulation of the drink traffic is a portion of its work.

A point that need not be laboured is the necessity in some cases of a monopoly of supply—that is, a restraint upon or even a suppression of competition. Such necessity is beyond the possibility of gainsaying. A competitive multiplication of underground conduits—the instance is the stock one—would clearly make our road system intolerable, both from the point of view of safety and of convenience. Telephones and sewers, water and gas pipes, electric mains, and the like, clearly *non sunt multiplicanda præter necessitatem*, at least so far as they involve interference with the common means of communication, which are all but universally in common ownership, and so far as they offer a menace to public safety. And the alternative,

that the road system should not be used for these arteries, would be far too costly and ineffective in view of the difficulties of access to the points aimed at. It would also perhaps be no safer. Limitations follow as a matter of course. So, too, the acreage devoted to the unsavoury, if regenerating, process of sewage treatment, bacillary or other, will be restricted from motives of sanitary policy. State and township have manifestly a *locus standi* in this regard. But what precisely is involved in the admission of this in principle, and how is it to be asserted effectively in practice?

Some principles as to the range of governmental activity and enterprise, whether national or local, are commonly thought to emerge out of such glimpses of the obvious. For example, Government ought, if it can—for *ought* does not here conspicuously imply *can*,—to undertake the initiative, direction, and control of education, sanitation, and communication, no less assuredly than of external defence, police, and poor-law administration. These departments of activity, indeed, may be thought to be inseparable ideally, since they have the common aim of the securing of security. In practice, unfortunately, they are separate, during the immaturity of a State, and before its realized surplus is sufficient to enable it to take up all its burdens. A savage State cannot, perhaps, suppress cannibalism, nor, at a later stage of development, infanticide. The barbarous State has difficulties with private warfare, and, later, may find itself unable to guarantee its members against destitution, though riot and looting be the results of its failure. A semi-civilized State may fail to meet the possibilities of infection and plague. Even a civilized State, if such there be, may still be unable, from the nature of its resources, to meet the *causes* of destitution and insanitariness, and so of the crime which is the consequent of these. But if it can be done, it must indeed be done. Ignorance is the most costly thing that is. Education upon a wise system probably repays to individuals, provided they have a real surplus to start with—the proviso is perhaps not negligible,—the advances which they are called upon to make in its behalf. It saves expenditure, otherwise necessary, upon police, and poor-law,

and sanitation. It renders property more secure by offering to abilities otherwise liable to perversion some scope for the development of their efficiency to the full. It brings about an equalization of opportunity dearer to bygone radicalism than to modern democratic socialism. Education reduces mischievous and stupid waste. It renders possible forms of enterprise that call for high relative efficiency on the part of labour. Education, then, up to a rather low level of literary attainment, with a somewhat stronger dose of technical training, has the endorsement of that type of public reason which sanctions a State post-office after the fact, and sees nothing collectivist in the payment for water by rate and not by meter.

Whether education, whatever the need of it, would have been supplied by voluntary enterprise apart from public initiative, and the backing of the public, *i.e.* other people's, purse, seems doubtful, if we fairly distinguish between the need for it and the demand for it. These vary inversely. Or, if the mechanical phrase be thought improper, it might be said that the need is universal, the demand sectional. As well leave the building of lighthouses to the fishermen of our coast, as the provision of primary education to those who need it. Even religious enthusiasm has failed in the endeavour to organize and maintain an efficient system on voluntary lines. If the worldly schools of voluntary enterprise aim at the production of differential advantage, the religiously-motivated ones tend to put a sectional interpretation upon the universal need. On these grounds, and because of the many who slip through the meshes of voluntary organizations, the right and obligation of the State to see that its citizens are educated has passed beyond the sphere of controversy.

Equally the demand for means of communication is not proportioned to the need of it. No Government deserving of the name will leave the elements of a road system to uncontrolled private enterprise, which might find its reward in a differential treatment of various categories among its clientage, and only serve to intensify the evils of the immobility of labour. As in the case of education, voluntary effort tried and failed. It was

the work of practical statesmen that inaugurated a good road system, with the *ex post facto* justification that individuals were in general, and in normal cases perhaps also specifically, recouped for their advances on this account.

National defence against danger from without; police as against crime, which is private war within; the prevention of plague so far as may be, which covers a multitude of sanitary measures; the prevention of destitution, and of the half-nutrition which just falls short of destitution; or, once more, the removal of ignorance and immobility by education and means of communication;—in all these activities the State tends to supplant the individual.

It would seem to follow that hospitals, and railways, and even tracks for motor expresses, though there is some not unnatural hesitation with regard to this last, at least until it has become a question of quite general necessity, might possibly have to be included in the list. And the drink traffic as conducted falls obviously under the heading of generators of destitution, and malnutrition, and crime. And while with questions of transport and other modes of communication we do touch upon the fringe of the problem of municipal trading, yet it is only upon the fringe. We have so far been confronted in the main with "the spending departments." Their demands, if the community undertakes supply, and not merely control, must involve a heavy and a growing burden of debt both national and local. The assessments for taxation and rating are high and increasing. So is the percentage exacted upon the assessments. The limit of elasticity is perhaps not far off. To mulct up to that limit for ordinary and workaday expenditure is obviously impolitic, if there is to be a reserve for the day of need—unless, indeed, it can be established without possibility of dispute that the expenditure in question so repays itself that it reconstitutes the reserves apparently touched upon. Apart from this proof, which some of us would without hesitation declare to be still lacking, must we say that we are unequal to the task of the administration of a civilized State?

This conclusion might seem inevitable, if all our present

expenditure, on what may plausibly be regarded as reasonable aims of the common activity, could be considered thrifty, in the sense of being obedient to the law of minimum action or adequate adaptation of means to ends. Clearly, if existing expenditure were thrifty in this sense, and were truly reproductive in the sense of not locking up present resources beyond a reasonable probability of securing the results aimed at, without political bankruptcy, and if further it had reached the margin of elasticity in respect of taxation, it would follow that our society would need to contract its undertakings in regard to the spending departments, or else pass into liquidation. Collectivism no more than individualism can afford to lose all liquid assets. Reckless State finance and bureaucratic exploitation of resources are not free from the penalties that extravagance exacts from the individual.

Here, then, arises the question of national and municipal trading, such as the telephone system or the municipal electric supply. If the spending departments, where the State or township undertakes supply because mere control has proved ineffective, are tending to grow in their scope in response to democratic demands, what are we to say of the endeavour of the community to exploit its own necessary monopolies of service?

The problem raised is that of municipal indebtedness. In virtue of the expansion of the spending departments, this mushroom growth produces greater and still greater indebtedness. The increase of rates and taxes has, it has been thought, sapped the springs of charity in the middle classes, if not absolutely, at least proportionately. The expanding needs of the hospitals, then, have been met by a relatively slow response on the part of charity. Unemployment has increased through the falling out from the ranks of the industrial army of all who do not keep up in the march of relative efficiency. The charitable funds have been relatively stationary. In regard to these it was the proud boast that, if the poor law looked after undeserving destitution, charity could help generously and continuously in the restoration to independence and self-respect of all who had fallen into straits through misfortunes not arising through their own default. It is alleged that this is not so now.

Possibly the community as such might have to take over from voluntary effort these two great sources of expenditure. Another obvious burden to be imposed on the community, at least upon certain views of its functions, is the supply of food, and perhaps clothing, for imperfectly nurtured children, if their "education" is not to be entirely futile. Doubtless recovery of costs from the parents might be attempted. It is, however, possible that, under the conditions which determine the wages of low-class labour, the incidence of the charge may after all be upon the ratepayer, as employer or as consumer.

This growth of rates and taxes for departments which are only profitable as the doctor's bill or the auditor's fee is profitable, is of importance in view of the pretensions of "government," and especially of municipalities, to exploit the monopoly services which they cannot help erecting, and to enter into the labour market as employers of labour on the largest possible scale. The plain man of business contends that State and township shall not take *entrepreneur* risks experimentally. He is jealous at once of the narrowing of opportunities for private profit-earning, and of the claim to draw for resources upon the competitively earned profits of private undertakings. He is irritated, too, at the effective lessening in number of the businesses that really and truly pay rates and taxes. If the tramway, for example, does pay rates and taxes, it seems to him that this is not necessarily out of its own profits, but out of his. He regards with suspicion the control of undertakings where loss is possible, as well as profit, by bodies elected in part on "tickets" which do not as such exact business capacity on the part of candidates—on a policy as to religious education, for instance, or social purity. He knows that even the business men in parliament and in his town council have taken off the edge of their business capacity in their own businesses, and that absence of a personal interest detracts from their sense of responsibility, while presence of a personal interest is of somewhat sinister omen. He regards their officials, also, as too little under the control of the influences which weed out incompetence. He thinks a public body unlikely to be well served by its labour, especially as this becomes an

increasingly large proportion of its electorate :—apt to fail in discipline therefore, and in measuring wage by relative efficiency ; apt, that is, to pay unduly high wages, and to corrupt efficient men by attracting them to types of work as well done by less efficient men. And if the burden of the risk is borne by the private citizen, while the labour market is made increasingly difficult to him, what is this, asks the “ practical ” man, but collectivism by instalments, with unnecessary destruction of resources as the result of the instalment system ?

When, too, a consequence of the process is a lessened facility of competitive profit earning, the old taxes and rates produce less in the aggregate, and they are accordingly raised in proportion, or supplemented by new ones. At the same time, it is alleged that individualist machinery is obviously breaking down. Individualism that breaks down under what is apparently unfair is an individualism that can be reconstructed. Collectivism that enrolls recruits compulsorily from the ranks of disillusioned individualists is not secure against a reaction.

The reasoning may or may not be logical. The feeling of grievance is real enough. There is undoubtedly a strong public opinion forming against extravagance in spending departments and experiment in productive enterprise. The success of the latter in earning to meet the demands of the former is regarded as not proven. The accounts of municipal enterprise are criticized with severity. Has insurance of capital been counted as a cost ? Are rates and taxes taken account of, not merely as nominal outgoings, but as a real burden borne by the undertakings ? Have failures in one direction been put into the scale against gains in another ? and so on. The points that seem to go hardest are the restriction of private opportunity already referred to, and the guarantee of experimental enterprise by rates and taxes during the period of construction. A minor matter not without significance is the competitive private practice of officials with free offices and certain incomes.

During the building up of an enterprise, and before it has begun to pay, its valuation is one of the paradoxes of accountancy. What is the value of a newspaper, for instance, upon

which considerable sums have been lavished, so long as it still shows a daily or weekly loss? Clearly not what has been spent on it. Nor yet the distress value of its lease of premises, office furniture, presses, stock of paper, copyrights, and so forth. Nor, again, the capitalization of an as yet non-existent income. The fact is, it must be financed by the surplus of some one who has faith in its capacities or the capacities of its promoters. The ratepayer kicks against the compulsory treatment of rates and taxes as such a surplus. Nor does he see much difference in this regard between a newspaper and, say, a tramway.

On the other hand, that the whole future of the community should be pawned, so to speak, to the private *entrepreneur*, if he be prepared to take a risk of which it is unlikely that he himself can see the full nature and extent, is surely undesirable. What if the party to whom the offer was made of a law-protected monopoly of tobacco-pipes had thought it worth while to enrich the treasury of James I. to the extent necessary to take it up? Leasing of monopoly privileges, for a long or for a short period, avoids so far the heaping up of municipal indebtedness. The risk of the construction period is left to the private firm or company that leases the privilege, and the risk of failure is probably less to such a contractor. Further, the number of effective guarantors—taxpayers and ratepayers—is not reduced. But leasing has obvious defects. A short lease prejudices the chances of success on the part of the undertaking. The proportion of costs and risk of construction to the forecasted gross profits of the lease is large. Insurance against eviction at the term becomes a part of the cost of the service. The plant is calculated, indeed, to last out the tenancy, but barely so if the chance of eviction or arbitrary revision of terms is great. A long lease, on the other hand, may so bar progress as to put a township outside the main stream of social advance, and leave it in a backwater. The alternative is to buy and abolish the dam at a ruinous rate. Horse-trams may possess a monopoly when electric communication is urgently required. A single ill-judged refreshment-room contract has before now imperilled the competitive efficiency of a great railway. It is an ingenious suggestion

of Mr. H. G. Wells, that social conditions may so alter as to make many leasehold buildings, when they "fall in," merely an expense in pulling down to the estates to which they belong. Just so a mistaken contract for the monopoly of supply of a mode of illumination or of transport may be a fatal impediment to the development of the community that enters upon it. In any case, on the method of long leasing, the community fails to benefit by its own automatic growth. Automatic decay is of course no better guarded against by direct national and municipal enterprise, with their accumulation of indebtedness, than by the long leasing of public franchises.

The sum that a community can expect from a short lease of a monopoly privilege is, of course, exiguous. It may even be that a guarantee of dividends for a period is required. For long leases greater but not great rents are likely to be obtained. "Long" and "short" in this connexion, apart from a definite reference, mean "not within" and "within the compass of a reasonable forecast" severally.

It is, of course, not to be disputed that municipal indebtedness may be controlled, in a certain sense, by the money market; nor that immunity from the burden of indebtedness may be incurred at too great a cost. In connexion with the spending departments, indebtedness must in all probability be incurred. Can it be controlled otherwise than by the money market? One conception of some attractiveness in this connexion is the linking of the borrowing power, both as to amount and as to length of term of repayment, inversely to the height of the rates. It would obviously lead to difficulties if the low or lowered rates again rose when the borrowing power correlated to them had been exercised. Uncertainty as to the possibility of a heavy increase of rates for increased sinking funds, on the top of the increase of rates which necessitated the increased sinking funds, would apparently press so hard on the already laden ratepayer that the scheme must probably be rejected as unsound. Obviously, too, it would stand in the way of any plan for adjustment or equalization of rating by modification of areas, if that be thought desirable for fear lest landlords in residential neighbourhoods should reap in

rents what should go in rates. The fear of this is in part the ground for the cry for more imperial and less local levies. If any change is to come in the extravagant tendency of local bodies in their use of their borrowing powers, it must probably come in the form of more effective limitation and control by the State.

If we decide against the policy of drift as regards the municipality working its own monopolies, and partially against the leasing of them, what further options are open to us? A frank collectivism is one, but for this even the theoretical collectivist appears to be unprepared. One is reminded that the eponymous hero of Fabianism by his delay in taking positive action *restituit rem*—reconstituted private property!

Another conceivable option is perhaps to be found in some form of application of the principle of the founder's share. The community, central government, or local delegacy would, as founder of the monopoly service, claim a substantial control of, and a progressive lien on the prosperity of an undertaking which in all else was exploited by individualist enterprise. The community would need to fix unambiguously the quality of the service to be rendered, and to farm out its supply to a company with limited liability. The contract should be for a long period of years, and either by auction or by public tender. The community would take as the price of the concession non-transferable shares fully paid. Its shares would, up to a certain percentage, rank for dividend equally with other shares. Beyond that point they would take a gradually increasing proportion of the divisible earnings. By holding the founders' shares, the nation or municipality would have a *locus standi* for dealing effectively with the company, if at some future date its monopoly blocked the way to the adoption of better inventions and processes. By a judicious use of this principle, with a prudent liberality to the other shareholders, the State and township need neither exploit their own franchises with borrowed capital, probable waste, and possible losses, nor yet throw away for a petty rent assets of which they are indubitably the only rightful owners.

Nor, on similar lines, is the community required to squander such assets as the power of compulsory purchase, or the privilege

of limited liability. A definite and very small percentage of fully paid non-transferable founders' shares in all new companies of limited liability, and a definite, if small percentage of non-transferable founders' stock in all new issues of railway stock and the like, of whatever grade as regards priority, would be no unreasonable burden on the undertakings in question, a slight discouragement of the watering of stock, and a fair recognition of the community's claim to enjoy some return for the privilege it has itself created. In theory at least some such plan is better than the securing of the community's share through stamp duties and high rates. The privileges are differential. A stamp duty only roughly hits the differential advantage. The rates are paid by those also who have no share in the differential gain.

That the contribution of such productive enterprises to taxation and rating is not small is, of course, true enough. That it is unwise to show disfavour to new enterprise, and unjust to deal drastically with vested interests is, perhaps, generally admitted. That, however, the community would, in taking payment from the success of the undertaking, and to no greater extent, redress an injustice to itself and to the private trader, and at the same time widen the bases of revenue, seems certain. The gain of control grounded in a definite principle, and of having something to bargain with, would be clearly to the good in communities which find themselves too readily on an inclined plane, or submit to being looted for fear of it.

Settlements in entail are privileges perhaps not adequately paid for by the stamp duties. The constitution of the *majorat* permitted by the community is, if formally a matter of free contract, substantially not so. It acts in restraint of free alienation and free purchase of land, and is something to be paid for. Manipulation of such privileged arrangements, and the passing of life-interests before death, have perhaps something to do with the feeling that the death duties press most heavily on moderate fortunes. The progressiveness of the death duties is to be justified on the ground that the marginal utility of a unit of purchasing power is less to the possessor of the larger fortune. The evasion of death duties by devices at law is accordingly

to be deprecated. It is supposed to be facilitated to some extent by the non-publicity of settlements and their private readjustment. It is not improbable that truly *ad valorem* duties on deeds constituting, and upon deeds altering the effect of such settlements would diminish a good deal of the feeling against the policy of the great landed estates. Here too, surely, the State is founder.

The licensing question is perhaps less easy to deal with. But clearly it should not be possible for a private individual or company to buy land, and build a house, and secure an unearned increment of large amount by the simple process of obtaining a license, almost impossible to withhold, for the vending of intoxicants there. Yet, inasmuch as restraint upon free competition in this traffic is, or is considered to be, a necessity of police, values are created by limitation of the facilities of supply. There is here obviously a case of public assets which it should be possible for the community to secure for itself.

But how? One way would seem to lie in the direction of a change in the system of licensing. The sanction of the authority could be given, not in the case of this or that house, but in the case of a—that is, of any one—house in this or that area. The request might have to be backed by the assent of a certain proportion of the householders within the area, or, in default of this, by a proof that the facilities of the neighbourhood for the procuring of “drink” were small in comparison with the population of the district taken in connexion with its sparseness or congestion. Suppose the request granted. The licence might then be put up to auction, sold to the highest bidder, and attached to any house within the area that satisfied reasonable structural conditions. A respectable manager would receive a corresponding licence at the same time. The sums received at auction might, at any rate for a time, be devoted to the purchase and extinction of relatively unnecessary licences. As this would improve the value of those left, it might fairly be made less easy for owners of licensed houses to escape the consequences of misconduct on the part of licensed managers. For certain offences not only should the manager’s but also the house’s

licence be revoked. Any encouragement by the owner of the house to sell the staple "liquors" in a way likely to lead to disorders might thus be made to recoil upon himself. If a licensed house in the same area was still thought to be required, the community might again put up a licence for auction.

The other courses possible are three in number. Simple local option, extinction of licences without compensation, and municipal management. With the first a local prohibitionist feeling might act rather hardly upon a minority equally possessed of citizen rights. Those who buy by the barrel are sometimes severe on those who buy by the pot. With the second policy, since no case has been made out that the investment of capital in breweries and inns has been *contra bonos mores*, endorsement by the common reason is unlikely, and in any event the course is not safe from reaction. There is always, too, the possibility of question as to which of rival houses is necessary, which unnecessary.

The drink traffic is clearly, however, a matter in which the desirability of nationalization or municipalization of a profit-earning privilege is most arguable. There is no large employment of labour to make inefficient officialdom obviously uneconomical, to the extent that it may be so in other types of trading. The community could clearly destroy all interest of the manager in pressing intoxicants as against non-intoxicants, or drink as against food. It could secure the purity of the liquors supplied, and by the extent of its demand could exercise some control over brewers and distillers. In following such a policy, the nation or town might make the drink traffic one of the spending departments. If it bought out the vested interest, this would involve an enormous increase of public indebtedness. If it refrained from this, but took up all new licences, its undertaking would be largely competitive, and its losses might be very considerable. That a syndicate of philanthropists would undertake the task on sufficiently large a scale, without pressing a total abstinence programme, seems in a high degree unlikely. That the community could profitably undertake it, short of complete collectivism, is perhaps no less unlikely. This does not, of

course, disprove the desirability of the policy, but it renders an alternative more properly a subject for inquiry. Therefore the outlined scheme on the lines of our general principle of the founders' share, perhaps in combination with certain of the more moderate proposals for lessening the temptations to heavy drinking—the provision, *e.g.*, of non-intoxicants and of solid food under certain regulations—may be allowed to have a reasonable claim to be discussed, and, if rejected, to be rejected upon its merits.

Between the freedom of contract which results in the spoliation and practical bondage of the many, and the collectivism which has yet to learn how to minimize waste and eliminate bureaucracy, there apparently lies a possibility of compromise, in the appropriation to the community of its own share as founder, partly in the form of control, partly in the form of dividends, leaving competitive trading comparatively untrammelled while rendering the spending departments of public activity more efficient, of wider range, and sounder in finance. Control and its own share to the community, wherever private enterprise enjoys monopoly-privileges of public creation, is one of the points on which moderate individualists and moderate socialists may join hands. The prevention of differential charges will result under the heading of control. The reduction of general taxation and rating, that they may be elastic to bear their coming burdens, will be the first consequent of the assertion by the community of its claims as founder to the founder's share. If individualism then fails, if collectivism then learns the lesson which alone can enable it to succeed, more drastic measures may befall. Meantime the pledging of the future and the dissipation of resources must be somehow stopped, or the community, whether individualist or collectivist in policy, will be poor—poor, whether because of or in spite of its political machinery! And with the community the individuals of whom it consists. For they are rich as it is rich, poor as it is poor. The community is the founder of the structure within which the individual passes his life of weal or ill.

HERBERT W. BLUNT.

RAILWAY ECONOMICS AND THE FREE TRADE PRINCIPLE.

WE have become accustomed to think of the United States as a country in which the protectionist principle is dominant all round. There are, however, some aspects of its industrial conditions and ideals in regard to which we find that it has leant rather to the principles of unrestricted competition and *Laissez faire*, while we, on the contrary, have leant to the principles of protection and State regulation. One such aspect presents itself when we come to consider and contrast the history of railway construction and management in the two countries. In England, as every one knows, whenever any important railway has been threatened with competition, it has always been found that Parliament will think many times before permitting it. In the United States, on the contrary, such permission has ordinarily been granted without demur. The obtaining of charters has, as a rule, been a mere matter of form. All applicants have been looked upon as welcome; the more that came, so the public have thought, the better. Our railway maps, for example, have nothing to show that is at all comparable to the routes of the New York Central and of the West Shore railroads. The latter was allowed to run parallel to the former, close alongside of it, all the way from New York to Buffalo. The two look more like two tracks belonging to the same system—which, indeed, they are now—than those of two rival systems.

It may be interesting, therefore, in relation to existing controversies, to inquire how the application of the two principles of protection on the one hand, and of *Laissez faire* and the permission of unrestricted competition on the other, has reacted on the condition of the railway industry in each country.

To apply a test which is no doubt a rough and superficial one, take Mathieson's *Highest and Lowest Prices*, issued at the commencement of the current year, and glance along the figures showing the prices of British Railway stocks during the six years 1899 to 1904 inclusive, and then compare the prices of American stocks during the same period. The contrast in favour of the less-protected industry is seen at once to be very complete and very emphatic. The price of British stocks, with one or two trifling exceptions, all show declines, most of them of a serious character. Tilbury and North British Ordinary have almost held their own. All the rest have fallen decidedly. In all the great trunk railways the decline is conspicuous—from Midland at one end of the scale, with a loss of 15 per cent., to South Eastern at the other, with a loss of 38 per cent. Thus the chances are that if any investor had put £1000 into British railway stocks six years ago, his £1000 would by this time have diminished to £800, or something less. Better prices for Home Railways are, indeed, now confidently anticipated; but the advances, if they come, belong still in the main to the future.

Turn next to the list of prices of American railroad stocks during the corresponding period. Thirty-two stocks altogether are quoted, and we find that, comparing the 1899 prices with those of the present date, there is absolutely not one among the number that does not show a rise of more or less importance. The most casual of investors, if he had only put his money into American rails—at any rate, into any of the stocks quoted—would now be in a position to get it out again not only intact, but with something to boot. To state the case thus, however, is grossly to understate it. In the case of three of the stocks quoted, the investor's £1000 would have been transformed into something between £4000 and £6000; in no less than eight cases it would have been trebled; in about half the number it would have been doubled; in twenty-two out of the thirty-two it would have been increased by 50 per cent., and in the balance by amounts ranging from 12 per cent. to 49 per cent.¹

¹ Northern Pacific and Great Northern are not quoted. In the case of the first

And yet this is the market from which we have been continually warned to hold aloof by the weightiest organs of public opinion in our English press, by our bankers probably, and by the most cautious and sagacious of our business friends. Nor, perhaps, from some points of view, has the warning been without justification. From a variety of causes, the chief of which, no doubt, is to be found in the practice of the New York banks of lending their credits to stock exchange speculators to a degree which would not be thought of in England, the American railway market is liable to much more sensational fluctuations from day to day and from week to week than our own; and any one who thinks of buying stocks for which he hopes he will never be asked to pay, or of selling stocks which he does not possess, runs more serious risks in that market than in our own. Even the steady-going investor might well think twice about reckoning with a market subject to "slumps" like that which began between two and three years ago, and lasted with unabated gloom for more than a twelvemonth. He might well distrust his own power of holding on calmly to his property during such a protracted decline in its value, whatever the subsequent appreciation. Such considerations have, however, little bearing on the only immediate matter under discussion—the general progress of the industry.

I have said that the test afforded by the rise or fall in the value of stocks, in comparing the conditions of the American with those of the English railway industry, is at best a rough and superficial one. It might be urged, indeed, with some force that the great rise in American prices points quite as emphatically to the bad state of things existing in the United States in 1899 as to the satisfactory state of things existing there now. It must be said, however, that the 1899 prices nearly all show advances when compared with those of a date six years earlier. Progress, therefore, has been practically continuous for twelve years past.

Take, then, another test, that of dividends. Mathieson's the £1000 would have been quadrupled, and in that of the second it would have been doubled.

Highest and Lowest Prices again supplies the needful information. Turning to the British list, we find that no English trunk line, except the Great Western, which improved by one point, declared better dividends in 1905 than in 1899, while the North Western, the South Western, the Midland, the Great Northern, the North Eastern, the Great Eastern, the South Eastern, and the Caledonian all showed declines. Comparing with this the American list, we find that all the lines that were recorded as paying dividends in 1899 paid higher dividends in 1905. The Pennsylvania, the New York Central, and the Illinois Central, which, through booms and slumps alike, have been steady dividend-payers for many years past, all raised their rate of distribution by 1 per cent.¹ Milwaukee raised it by 2 per cent., from 5 to 7, Louisville and Nashville from 3½ to 6,² and Northern Pacific from 2 to 7, while Union Pacific, Atchison, Reading, and Norfolk & Western have in the interim entered the dividend list, and now make distributions of from 4 to 6 per cent. annually. In hardly any case³ has there been a reduction, much less a passing of the dividends.

Further, as regards American railroads, it must be said that the progress of dividends is a very inadequate indication of the progress of earnings. The earnings of the New York Central's system and of the Union Pacific in 1904 were 13 per cent. or more, while their distributions were only at the rate of 5 per cent. Louisville and Nashville earned from 14 to 15 per cent. and distributed 5.⁴ Reading earned 12 per cent. and distributed 1½.⁵ In the case of Pennsylvania the earnings may be set down at the lowest as 10 per cent., while the distribution was 6 per cent. Estimates of earnings vary somewhat in accordance with the view of the estimator as to the propriety or otherwise of reckoning in such betterment outlays as are charged in the balance sheet to expenses. I can see no valid reason why these should not be so reckoned. If they had been in the case of

¹ The Illinois Central has since raised it by another point.

² Now to 7.

³ There is only one exception as regards the stocks in Mathieson's list.

⁴ It now distributes 6 per cent.

⁵ Now 4 per cent.

the Pennsylvania the result as given above would be much improved.¹

The golden rule, as it is called, that a dollar at least should be spent on the property for every dollar that is distributed, appears to be gaining universal acceptance among American railway men, as an ideal at any rate, and one of the results of the new policy is to be found in the fact that when a railway in the United States does raise its dividend, the advance is generally a permanent one.

So far, we have looked at the matter from the shareholder's point of view only. How does the comparison stand when we look at it from the point of view of the general public? In which country do we find the railways serving the public best, and at the lowest cost? There can be no question that the comparison, as viewed from that standpoint, comes out very conspicuously indeed in favour of the United States. Secretary Shaw was able to say recently, at the Bankers' Convention, without any great exaggeration—

“We transport the matchless product of farm and factory, forest and mine, from the interior to the sea at one-third of what similar services cost anywhere else beneath the skies.”

Precise comparison, however, is not very easy, as no one knows or can know what the rate per ton per mile on the English railways is.² The question, too, is further complicated by the fact that in England it is the ordinary practice of the railway companies to collect goods at the premises of the sender, and to deliver them at the premises of the consignee, while in America goods are conveyed merely from station to station. As this collection and delivery is very expensive work, it can frequently

¹ The above figures are taken from the detailed calculations in the *Statist's Supplement on American Railroads* for 1905. The final results for 1905 were not yet precisely known when the Supplement for 1906 was issued. They will show, however, in the cases of all the railroads mentioned, great increases as compared with the previous year.

² The rate-books give only lump sums for the rates between any one station and any other to which traffic is booked. See Acworth's *Elements of Railway Economics*, p. 117 ff.

be shown that English rates as compared with American are not as exorbitant as they appear at first sight to be.

When, however, we regard the trend of rates over any considerable period, we find ourselves on surer ground. We know that English rates have varied very little in the last twenty-five years, while American rates have in that period been reduced, on the average, to half or less than half their former figure. During the last half-dozen years, indeed, it must be admitted that the trend in America has been on the whole rather the other way. The compensation obtained for the transportation of goods has risen by some minute fraction of a farthing per ton per mile. The apparent rise has, however, been only in part due to alterations made in the amounts charged for the conveyance of any given description of produce; another cause has been a change in the character of the traffic, the tendency having been towards the substitution of manufactured goods for agricultural products. The extremely low rates of 1899, which were the results of intense competition caused by the great railway construction of the eighties, had been driving some railways and threatening to drive others into bankruptcy. The recovery that has taken place was necessary in many cases to make it possible for the companies to make both ends meet. This raising of rates, however, slight as it has been, is probably only a passing phase in American railway history. During the past few months three of the most important railways, the Illinois Central, the Great Northern, and the Northern Pacific, have published returns showing for the year ended June 30th last, lower rates per ton per mile than those charged at any previous period, and yet each showing a year of unexampled prosperity as tested both by gross and net earnings.

It may be said that this comparison between a young country like the United States, into which fresh population is still pouring every year, and an old country like our own, which is fast becoming as thickly populated as we can reasonably wish to see it, is not a fair one. The marvel, perhaps, would rather be if the railway industry in America did not show greater

progress than the same industry in Great Britain. Admitting the vast difference in natural conditions, yet this does not cover the whole case. There is still a residual phenomenon to be accounted for. The contrast presented, it must be observed, is not a contrast between less and greater progress in the two countries, but between progress in the one and retrogression in the other; and that in spite of the fact that, even in the case of Great Britain, the gross earnings of the railways have always been steadily advancing. They have advanced fairly uniformly both in the years that we should call good and in the years that we should call bad. They rose from £45,000,000 in 1870 to about £111,000,000 in 1903, and hardly a single year in the whole course of their history shows actual retrogression. The figures are indeed very striking, and are calculated to impress very forcibly upon an observer the stability of the conditions on which English prosperity is based. "Gross revenue has been the one entirely satisfactory feature of (British) railway working in recent years."¹ We are thus presented with the unusual if not unique phenomenon of a mighty industry always steadily expanding in volume, which has yet, for a good many years past, become year by year less and less profitable to those who have put their money into it, and that without its having become in any marked degree more profitable to the business interests of the general public. Moreover, it is surprising that this should happen in the railway industry, which, according to every theory, ought to follow the opposite course. Among the commonplaces of railway economics are the conclusions that "the greater the traffic on a railway, the less heavily the charge for capital falls on the traffic over it;"² and that "the tendency is, other things being equal, for the percentage (of expenses to earnings) to fall as traffic increases."³ The ground of such general conclusions is obvious enough.

"Expenses," as Mr. Acworth remarks, "increase as traffic increases, but by no means in direct proportion. Certain expenses—for instance, maintenance of works—hardly increase at all. . . . On the whole, a

¹ Stevens, *Investment and Speculation in British Railways*, p. 19.

² Acworth, *Elements of Railway Economics*, p. 15.

³ *Ibid.*, p. 16.

common and probably roughly accurate estimate is to say that half the total expense is fixed, half varies with the traffic.”¹

Yet, in spite of all this, on British railways, between 1870 and 1901, while the traffic as gauged by the gross earnings more than doubled itself, the expenses more than trebled themselves, and the return on the capital expended (including nominal additions) actually fell from nearly $4\frac{1}{2}$ per cent.² to a little over $3\frac{3}{4}$ per cent. If we ask how all this happened, the answer, I think, is unmistakable. The real cause of the mischief was that the capital account was always open.

Among the lines of reasoning that have done much duty on tariff reform platforms in the past two years is the argument that, if a nation can succeed in “fortifying the home industry and making it impregnable”³ by means of protective tariffs, capital will then be able safely to flow into it, and, “the fort having been made secure so that no enemy can attack it with possible advantage,” the nation can with an easy mind go on to invade the industries of its neighbours. It may seem at first sight as if this, or something like it, is what might reasonably be expected to happen. But human life is very complex. Unexpected causes often come into play in ways that are not easy to anticipate, and the sequence of events often fails to follow the line marked out for it. The British railway industry, as we saw, succeeded in making itself fairly impregnable, as far as competition was concerned, and capital as a matter of fact did flow into it freely enough; yet in the long run its results have not contrasted favourably with those of the same industry carried on elsewhere under conditions affording less protection, and more exposure to the stress and struggle of life. There may even be, it seems, such a thing as too free an influx of capital into an industry or business, as many a trader has learned to his cost when his overdraft has, year by year, been allowed by his bankers to mount up, while his surplus of assets over liabilities has proportionately diminished.

¹ Acworth, *Elements of Railway Economics*, p. 17.

² It was 4·41 per cent. in 1870, but 4·49 per cent. in 1880.

³ See Mr. Chamberlain’s Greenock speech.

In referring to the financial methods of American railways adopted in recent years, I had occasion to mention their golden rule of aiming at the expenditure of a dollar on the property for every dollar distributed in dividends. In contrast with this—

“the theory upon which our English railways work is to charge to revenue all that is necessary to keep the line up to the original standard of efficiency, and to charge practically every addition to its rolling stock, and the cost of all improvements and extensions of their systems, to capital account.”¹ It is a fair criticism of this theory to say that “as a general rule in business an addition to capital which does not in any way add proportionally to the profits is, to say the least, not considered wise.”²

Yet Lord Stalbridge, at the meeting of the London and North-Western Railway Company, which is universally regarded as the most conservative of all our lines, in August, 1901, expressed himself with singular frankness as follows:—

“If you will look at the engineer’s report on the progress of works (involving heavy capital outlay), you will see that there is hardly one object on which our engineer is busy which you may say will bring in one additional penny of revenue to the company.”

It has, of course, always been the practice of our railway boards to provide themselves from year to year with ample Parliamentary powers for raising fresh capital, and then to put their stocks on the market as the occasions for expenditure arise. Such methods have very naturally proved a constant temptation to wasteful expenditure; nor has that been the whole of the mischief, for they have tended also to conceal the true character of the situation from the boards themselves, and to prevent their being brought face to face with the necessity for taking the proper steps to cope with it.

The year 1901 was, for British railways, the culminating point in this growth of expenses and fixed charges, and in the consequent decline in net earnings. Matters indeed began to assume so serious an aspect that a very general feeling of uneasiness manifested itself among the public in regard to the

¹ Stevens, *op. cit.*, p. 14.

² *Ibid.*, p. 17.

soundness of this great industry, in which some £1,200,000,000 of English capital was invested. Lord Claud Hamilton gave expression to it at the Great Eastern Railway Company meeting in 1902—

“Confidence,” he remarked, “has to some extent been shaken in railway property as a safe investment, and it is our duty to try and restore that confidence, and to prove by results that it is justified.”

Things have improved immensely since 1901. The continuous increase in gross earnings has stood us in good stead, and the partial adoption of the methods for the promotion of economy and efficiency first developed in America has already aided in bringing about an important recovery in the railway position; whilst the prospect of a further extension of these methods is the most hopeful feature in the situation at the present moment.

It is surely a very significant fact that these new methods should have been developed in that arena of railway action and management where private enterprise has been least protected and least controlled by State intervention. They are now being copied all over the civilized world, and in most other parts of it with more thoroughness and effectiveness than in Great Britain. They are being adopted very largely by the State-owned railways of the Continent and of our colonies. These railways, however, though they have been able to imitate such methods when they have found them at work elsewhere, have shown themselves quite powerless to initiate them or anything like them. Initiative in such matters appears to belong exclusively to the sphere of private enterprise.

The central feature of the American methods is their reformed system of statistics. Our statistics, except in the case of the North Eastern Railway, which has adopted the new methods with enthusiasm, are still of a mediæval character. They are based on a statutory form of accounts enacted forty years ago, and they afford no information on many points which in America are considered of vital importance. The American railway manager has always before him the definite aim of pursuing such a policy as will reduce to the utmost the cost of moving

a ton of freight one mile, or, as regards passenger traffic, the cost of moving each passenger one mile. Our railway boards seldom even know what the cost per ton per mile or passenger per mile is. "These figures," says Mr. Acworth, "practically universal in other countries, are never published, and only exceptionally calculated out in England."¹ By keeping this aim steadily in view, the discovery was made in America in the early nineties that a great deal more could be done than had ever been imagined possible in the way of increasing train loads, and thus of conveying the same amount of traffic in a smaller number of trains, and with proportionately diminished waste in wages, fuel, and wear and tear. The pioneer of this movement was Mr. Hill of the Great Northern Railway of America, and his line is still foremost in this respect. Its train load was increased last year by no less than 75 tons, and now stands at the remarkable figure of 522 tons. Since 1896 it has been doubled. The average American revenue train load is now over 300 tons.

"In this country," says Mr. Stevens, writing in 1901, "the paying loads of goods and mineral trains seem to average little more than 50 tons, whereas many times that load is the rule in the United States."²

Increasing the train load involves, of course, large expenditure in the improvement of the road bed, the laying of heavier rails, the straightening of curves, and the reduction of gradients. It involves also the continual substitution of larger for smaller wagons, and of more powerful for less powerful locomotives. The greater proportion of this expenditure must, of course, as a rule, come out of capital, but, owing to the reformed financial methods employed in the United States, a great proportion of it has there come also out of revenue. From the shareholders' point of view, indeed, it is fairly arguable in many cases that too much of it has done so. There can be only one opinion, however, as to the beneficent effects of the new finance when we look at the matter from the point of view of the general public.

¹ *Op. cit.*, p. 31, footnote.

² *Op. cit.*, pp. 59, 60.

At a recent meeting of the Illinois Central Railroad Company, Mr. Stuyvesant Fish, the president of the line, was able to state that since 1876, when he first became a director, about \$33,000,000 had been taken from earnings applicable to dividends, and applied to the betterment of the property. The *New York Financial and Commercial Chronicle* points out that, at 6 per cent. per annum, this sum would call for an additionally yearly charge of \$2,000,000. The money having been provided out of earnings, the company saves the \$2,000,000 a year.

“And who,” it asks, “gets the benefit? Obviously the public. The company being obliged to earn that much less money, shippers get their freight moved for correspondingly lower figures. But this has not been the only advantage to the public. The \$32,994,878 of money taken from earnings, has gone to provide increased accommodation and facilities for moving traffic, thereby cheapening the cost of transportation, and shippers have been getting the benefit of this too in still further reductions in rates.”

Reductions in rates are in America continually made where no competition compels the making of them, simply because it is believed by the management that the lower rate will yield better general results than the higher. In England a railway manager finds it necessary to be much more chary of adopting low rates, because a meddlesome clause in the Railway and Canal Traffic Act of 1894 makes it illegal to raise any rate without the sanction of Parliament, when once it has been lowered. The obvious result is that rates are not lowered in England in many cases in which they would be lowered in America.

One would have thought that, under the circumstances, the American nation might have felt well satisfied with the results of its policy of leaving its railways comparatively free from State control; but so far is this from being the case, that one large section of the public is busy at present with the imagined benefits of State ownership, while another, with the President himself at its head, though not prepared for State ownership, yet expects great things from a vast extension of State control.

When the desirability of adopting the American expedients

for the promotion of efficiency and economy were urged upon the railway companies in this country in recent years, it was usual until lately to answer that such expedients, though suitable to American conditions, were wholly unsuitable here. That answer can now no longer be made. Since 1900, indeed, our railways have been thoroughly awakened to the necessity of imitating as far as they can the American system, and train loads have in all directions been increased, train mileage being proportionately reduced. Railways like the Caledonian, for example, which a few years ago were using nothing but six-ton wagons, are now substituting for them wagons up to forty tons in capacity. It is estimated that between 1899 and 1903, on all our railways, no less than 28,000,000 train miles were saved, that is to say that the trains conveyed, without that much extra running, an amount of traffic which under the old system would have involved it. The receipts were in consequence raised from about six shillings to about seven shillings per freight train mile. There is thus every reason to anticipate that in the new era which we all hope is setting in, of fresh advances in gross earnings, expenses will not again to such an extent overtake them as to show reductions instead of increments in the net results.

WILLIAM WARRAND CARLILE.

THE ETHICS OF SACRAMENTALISM.

THE world, oddly enough, seems to be convinced that religion is not a practical business. Again and again we are informed that there is some distinction between religion as an inner and morals as an outer force. Those of us who claim that religion is the one influence able to throw its weight on to the side of social reform—meaning thereby nothing more nor less than that outer conduct is the fruit of religion—stand in the forefront of the battle. It is ours to protest against the individualism of mere morality. We are not contented with hearing that Stiles and Nokes rule their lives after this or that pattern. Indeed, we have good reason to believe that much of the social injustice of to-day arises not so much from badness—to choose a wide term—but from an undue emphasis on individual goodness. We read an obituary notice that so-and-so gave lavishly of his wealth, or that he was “highly respected,” or that he was a notable example of strict probity to his fellows. In such external terms are attempts made at estimating moral values among us to-day. It is not easy to see how it could be otherwise. The breaking of boxes of spikenard is not yet so intelligible to the world as the giving to the poor. So we need hardly be surprised at the fact that, bit by bit, the judgment of the world, and especially of the English-speaking world, in estimating religion, has been based on ethical values. Precept and practice have largely ousted devotion, save in the minds of a very few. Those who urge that the devout life is the true basis of the ethical life are so misunderstood as to have it said of them that they place morality in the background and religious formalism in the foreground. And no one so incurs this abusive criticism as the Sacramentalist.

Since I am using this word in its widest sense, perhaps a

little definition will be a help by the way. The Sacramentalist, I would urge, is the man who, in an utilitarian age, is so old-fashioned as to believe that the beginning and continuance of the spiritual life must be sacramental. To him Baptism and Holy Communion are very real things. To him the doctrine of regeneration is not merely theologically correct, but vitally necessary; to him, also, the doctrine of the Immanence of God in his soul—and in the souls of all men—is not merely the outcome of historic, theological, and philosophical expressions, but is also the one clue which we can find to a real doctrine of human development and democracy. In this sense I wish to consider Sacramentalism. Theologians have other interests, and sacred ones. It is from the point of view of a seeker for social welfare that it is important to examine the position of the Sacramentalist. For there has been a revival of Sacramentalism. It has spread over the face of English religion. Those who see it only in places where exterior ritual makes it undeniably evident are blind to the importance of its development elsewhere. The evanescence of individualistic interpretations has become patent even to those who believe in those interpretations. The Welsh revival, for example, was a flash in the pan which vanished into darkness when the General Election, with its undeniable assertion of social and common needs, with its claims for the people as against the individual, made itself felt. The Methodists are nowadays far more insistent on sacramental observance than they were ten years ago, and it is a commonplace in Scotland that Presbyterianism has evolved a frequency of sacramental observance which would horrify the fathers of a past generation, who prided themselves that infrequency was a mark of profounder devotion.

What, then, are the ethics of Sacramentalism? First and foremost, it goes without saying that the idea of fellowship lies behind any and every sacramental doctrine. The child is baptized into the fellowship; Holy Communion is the festival of fellowship. More than that, no tendencies of civilization have succeeded in making class distinctions in connexion with these two Gospel Sacraments. Be the particular church never

so fashionable, the cushions on the seats never so elaborate, there is something striking in the fact that no hands have been laid on the democratic basis of sacramental observance. Most of us have lamented certain class distinctions which have crept in; pew-rents, for example, have irritated us, yet we have been over-hasty in our assertions, for it is only in regard to the conventional and not to the Gospel services, so to speak, that fashion has dared to make entry. Whatever Sacramentalism may be in its influence on individual or on national life, it stands out boldly as pleading the cause of the people. Nor does it plead the cause of the people in that somewhat condescending spirit which enables the comparatively rich pharisaically to say and to feel that they are helping the poor. Rather it is that the rich and the poor meet on an absolute level. The spirit of dependence of man on man, that dangerous spirit for both the dependent and the self-styled independent, vanishes when we place clearly before our minds the one idea of dependence on God. Here theocracy is combined with democracy.

But not only is this its expression in a devotional sense; it is also its essentially practical outcome. Here is exactly the dividing line between current expressions of ideas on religion and the true doctrine of Sacramentalism in action. For better or for worse during the past three centuries, we in England have had the sacramental teaching which is given to us presented in a rigidly individualistic shape. Books of devotion have, as a rule, been sadly lacking in this respect. The communicant has been led to see that he links himself with God. Beautiful prayers and aspirations have been given to this end. How rarely do we see the idea of fellowship emphasized! How rarely do we realize that it is singularly emphasized in the Prayer-book! Let any one read the Prayer of Thanksgiving and the Prayer of Oblation afresh, and he will be struck at once with the use of the plural. It is astonishing how this differs in essence from the constant use of the singular which mars most accompaniments to Communion. "We and all Thy whole Church," "All we, who are partakers," "For that Thou

dost feed us," "The blessed company of all faithful people," "Continue in that holy fellowship,"—these phrases do not differ from the prayers I have mentioned merely in that they are for congregational use, but in the fact that they emphasize commonalty rather than individuality; that they link all men not only in God, but also—the distinction is worth noticing—each to the other in God.

So the Sacramentalist submerges his individualism. He believes that he is of far less importance as an unit, because his race is of more importance in its corporate aspect. From that point of view he shapes his ethics, probably unconsciously so. He is not a Kantian who acts so that he would will all men to be acting similarly. Rather he knows that the resultant of his every act is universal. To him respectability is nothing, because he is dealing with the inwardness of things. He lives in that supreme moment when all men are as he is, kneeling at the footpace. That moment extends itself. He shrinks from disloyal thought to these his brethren who kneel beside him, or who might have been kneeling beside him. Motive, intention, mental attitude, affection,—these are things of import, and these are the mainsprings of conduct. One individual never thinks of another as another, because both are caught up in the sacramental union. Far from being impractical, this is in the very heart of what is real and practical. As well turn to the cross on Calvary, and sigh that it was so very impractical, so very lofty in its devotion, and regret that it did not achieve a worldly kingdom! But the unworldly kingdom which the Cross established, though no rival empire, brought Rome to feel its power. Gibbon may explain it as he will; but for most of us the bare fact that a handful of Jews who lived the sacramental life in the quiet of their own hearts transformed the ethic of the boldest empire of the world is a telling argument in favour of the practical value of a Sacramentalism which is so foolishly regarded as merely ethereal.

Not only does the Sacramentalist submerge his individualism, but he also puts another Individualism in its place. He recognizes that the natural life is not a life of fellowship. Of all that

has been said about total depravity and original sin, from a practical view this amount, at least, is unanswerable. The instincts of man are predatory. We are not very far removed, naturally, from beasts of prey. Philosophical individualism does this argument the honour of stating it rather differently, but it amounts to the same thing. The strenuous conflict which, according to Nietzsche and his followers, is to lead to the triumph of the fittest, and the increasing welfare of the world, is only the old instinct of the strong preying on the weak. The statement that we shall never eliminate all conflict is probably unassailable, but we can hardly talk of progress until we have eliminated all preying on the unfit or the unfortunate of our fellows. Other conflicts may come, perhaps, and other rivalries, into which we may enter without the fear of leaving our fellows naked on the roadside. But the necessity of some kind of emulation need not involve the down-trampling of our fellows; as well might it be argued that the highwayman encouraged the art of running and fighting, as to urge that an unceasing struggle for very life strengthens the human race. But the new Individualism which finds "life more abundantly" in the well-spring of the sacramental life, sees in every human face the reflex of the face on the Cross. A crude Evangelism tells us that we should know Christ in our own hearts, but it might be a better expression to say that we should know Christ in the hearts of our brethren. It is exactly this which Sacramentalism emphasizes. It stands apart from that cheap Altruism which is so readily preached and so difficult to practise. It stands apart, too, from that subtly dangerous Altruism which is Egoism in disguise. None of us can be Altruistic, but we can find ourselves and our fellows in the vision which is given to us in the sacramental observance, and in the assurance that in the humblest of men God is ready to dwell. It removes the natural nature, so to speak, and for that natural nature substitutes one which grows towards the supernatural. Hence we have the tribute of evolution to sacramental ethics. There is no claim for magical results. We are persevering co-operators, but we co-operate with a new hope, since within us is the earnest of ultimate triumph.

This ethic of Sacramentalism has points of contact with most systems which have been developed by the schools. It is, in a sense, hedonistic, though the happiness to which it points is measurable by standards of its own. Nothing could be more apart than the bliss of conscious union with the divine fellowship from the quasi-materialistic conceptions of happiness to which hedonism bids us look forward. It brings its sanction with it as we journey along. We do not deliberately seek this or that individual happiness, because we have banished the conception of individualism in things as in persons. Just as it is a permeating influence in conduct rather than an exterior code of morals, so it is a permeating influence which means and involves Happiness rather than a series of happinesses. Hedonism, whatever expression we choose for it, always means the deprivation of another of happiness, just as the Roman law of property kept an eye on the expression of the absence of possession on the part of other people. But sacramental happiness is altogether different from this. It knows no restriction of the happiness to which it brings us; indeed, it seems to grow extensively as it grows intensely. Similarly, sacramental ethics has its obvious kinship with egoism, inasmuch as the individual unit learns that his best happiness is to be found in the indirect search for it, the search which is not really *for* it at all. He drinks deeply of a fount of happiness which has sprung up in his own heart, while he wished and worked that it might spring in all hearts. Nor need we overlook the utilitarian side of this ethics. Benthamism might well stand abashed at such an expression of happiness for the greatest number as that which Sacramentalism brings as its one purport. It is nothing more nor less than the best and richest happiness for all. It could neither be deeper nor wider. As for subsidiary doctrines, we have seen how character is built up and made new, how personality is turned from the human to the divine, by sacramental union.

Neither is it other-worldly. That old sneer passes the Sacramentalist by. True, it is the essence of his religious life that he realizes the impossibility of obtaining the full fruition of his communion where the flesh is so insistent. There must

be another world, mysterious though the thought must be, where the development is to continue. But that does not take away from the direct practical value of the sacramental life in this world. The much-attacked doctrine of Private Confession (which, by the way, has a public and corporate sense which we should not overlook), with its necessary corollary of reparation, speaks very directly of justice in this world. If this world does not matter to us religious people, as our assailants say, it is very singular that we should be subjected to the criticism that, so far as outsiders can see, the Sacramentalists are no better than other people. But even so the criticism is unfair. The question is not whether they are better or worse than other people, but whether or not they are better than they would be did they not accept sacramental help. Indeed, this argument may be turned the other way about, and may form a fitting conclusion to this paper. To what extent has the simple devotion of Sacramentalists helped forward the cause of social reform in recent years? I shall be met with the counter question, Why has it not done so centuries ago? Well, for all we may know, the general development of the social welfare of the people throughout the ages may have been a concomitant of sacramental faith. Certain it is that Sacramentalism is not the exploded mediævalism some would say. Step by step it has progressed. To-day, at a low estimate, nine-tenths of the Christian world is Sacramentalist. That is a fact worth remembering when we are disposed to think that newer doctrines have thrust the older into the background. What does it not mean for practical social life that day by day thousands of human beings should be kneeling at altars all the world over, and that all should be laying aside human worth and asking the God who made all men to make their hearts His temple? Possibly there is more of a practical *entente cordiale* in such aspirations, century after century, than we have been ready to recognize; possibly, but for these prayers and devotions, a hardened civilization would have led the world into a chaos of individual strife, with no thought either for human good in the present life, or for God in the life hereafter.

JOHN GARRETT LEIGH.

FRIENDLY SOCIETIES.

THE social reformer's Utopia remains much the same, a world of morality, health, sobriety, and happiness, but the roads to it change, or blend with each other. At present the popular high-road appears to be thrift. Savings-banks, insurance, slate clubs, prudential assurance, tontines, Friendly societies, and all other means of saving money, and of inducing improvident persons to take thought for the future, are favourite subjects for lectures, pamphlets, and investigations. It is a Jew who tells us thrift is a blessing. When the majority of English people echo Shylock, speaking with equal earnestness but larger meaning, much other social good will then come within sight. The immense and steady progress made by the Friendly societies shows that, though thrift may not be indigenous to English soil, yet it is taking firm root. It may not lead to the perfection prophesied by social reformers, but it is, nevertheless, tending that way.

Although the old dislike of Friendly societies is now a thing of the past, yet the enormous influence for good that they possess is realized only by the most clear-sighted of their members; by outsiders, who carelessly stand aloof, even their aims and objects are not comprehended. The Friendly societies have won their way to confidence through immense difficulties. Their greatest enemies—their own want of experience, the poor law, and parliamentary legislation—have been nearly, or completely, conquered. The lack of experience which led to the downfall of many clubs through the need of greater actuarial science, is now replaced by an enormous mass of statistics on all points concerning Friendly societies. With regard to the poor law, the Friendly society movement has been much bolder and more confident since 1834, when many of the old abuses of the poor law were abolished. Yet even in later years individual

boards of guardians have sometimes seemed to work against thrift by encouraging dependence upon parish relief. The social reformer's Utopia will not be close at hand until there are no loafers left,—that class whose feelings are described by the Chinese proverb, "To smoke is great pleasure, but to see others work is even greater." The continued existence of the loafer has been as much due to years of unwise poor-law administration as to thoughtless almsgiving. The third enemy of Friendly societies has been legislation. The first Act of Parliament passed relating to Friendly societies was in 1793. During the next eighty years no less than twenty others were added to the statute book; ten of these were "to amend," and one to "rectify mistakes." An Act of 1819, in trying to put Friendly societies on a surer footing, required rules and tables to be submitted to justices, who were to consult two actuaries, or "*other competent advisers*." There was little improvement till 1829, when Mr. J. Tidd Pratt was appointed as the official to whom all societies must submit their rules. Among those who have worked for Friendly societies, few are held more in honour than Mr. Pratt. But one man could not do everything, and unsafe Friendly societies still continued, "certified" according to law, though too often only by the village schoolmaster, who might be the most educated man in the place, yet completely ignorant of actuarial business. That Friendly societies continued to exist was due rather to their own inborn vigour than to any help given to them from outside. The history of the movement reminds one of Herbert Spencer's words—

"We measure the responsibilities of legislators, for mischiefs they may do, in a much more lenient fashion [than those of a druggist's assistant who has killed a patient by a mistaken medicine]. In most cases, so far from thinking of them as deserving punishment for causing disasters by laws ignorantly enacted, we scarcely think of them as deserving reprobation. It is held that common experience should have taught the druggist's assistant, untrained as he is, not to interfere; but it is not held that common experience should have taught the legislator not to interfere till he has trained himself, . . . there is no occasion even to make for him the excuse that he does not know how little he knows; for the public at large agrees with him

in thinking it needless that he should know anything more than what the debates on the proposed measures tell him.”¹

But the time when as regards Friendly societies our legislators thought too little and talked too much, is past. Many M.P.'s are now members of Friendly societies. Over two hundred are honorary members of the Foresters, including politicians from both sides of the House, such as Mr. Balfour, Sir H. Campbell-Bannerman, Mr. Haldane, and Mr. Arnold-Forster. Honorary membership does not necessarily imply special knowledge, but it at least shows the general interest taken in the movement.

The Friendly societies have done much, and will do more, towards solving the vexed question of old age pensions, for the chief way of providing for old age must always be by thrift, self-denial, and forethought in youth. The reason why other schemes have failed is that their promoters have advocated compulsory saving, which is not thrift, and does not exercise a wholesome influence on the character. Sir F. M. Eden alludes to this in his *Observations on Friendly Societies*. In this and other matters the Friendly societies nowadays wield a gigantic power; this is shown in black and white by their thousands of members, and their millions of capital: but much of the force exercised cannot be drafted out in figures; the indirect good of a great scheme is as valuable as its direct benefits; thus, for a member of a Friendly society, the money received in illness is indeed a benefit, but hardly comparable to the far greater benefit received from a steady habit of thrift, self-reliance, and good-fellowship. These are the valuable assets which by the aid of Friendly societies are visibly increasing over a great part of our national life.

The principal Friendly societies are either *centralized*, i.e. working, chiefly by correspondence, from one centre, or *affiliated*, i.e. working through their local branches or lodges. “Hearts of Oak” is a centralized society, working from its new offices in Euston Road. It has 278,780 members, and its reserve fund amounts to nearly £3,000,000. One advantage of a centralized society is the fact that the working expenses can be kept at a very

¹ *Sins of Legislation.*

low figure, the cost of management of the Hearts of Oak being only 4·68 per cent. of the gross income. This society is limited to persons joining under 30 years of age, and (unless juveniles) earning not less than 24s. weekly. It differs from most other societies, inasmuch as all male adult members make the same payments and receive the same benefits, viz. 18s. sick pay weekly for six months, 9s. for six months, and reduced pay for the remainder of illness. In the case of a member of over eight years' standing, this last benefit amounts to 4s. a week. In glancing over the Report for 1904 (the 63rd Annual Statement), it appears that sixty-one members have had sick allowance over twenty years, that one old man has had sick allowance for no less than thirty-eight years, and another for thirty-four years. On the list of those who are receiving "reduced sick allowance" also, we find some old people over ninety who have only lately received it; one, for instance, born in 1813, joined the society in 1847, and went on sick pay in 1903. On the other hand, another member was born in 1845, joined in 1875, and had sick pay in 1880. Indeed, to study the many ailments and accidents mentioned in this list, is to realize what uncertainties there are in life, and how foolish is the man who omits to make provision for a rainy day.

The drawback to a centralized society, such as the Hearts of Oak, is that something of the brotherly and social element is lacking. Members are not brought so much into contact as at the frequent local meetings of decentralized societies. The annual statement, indeed, gives the names of those living on sick pay in the same district, *e.g.* 28 at Walworth, 42 at Birmingham, or 5 at Windsor; but many places have but one member. Malingering, or "hypocritizing about," as I once heard the vice of shamming illness described by an old woman in Norfolk, is also more difficult to guard against where members are mostly unknown to each other, and where the detection of pretended illness depends solely on the medical officer of the district, unsupported by the constant interest of curious neighbours. Happily, cases of malingering are on the whole rare.

The largest and most important of the affiliated orders are

those of the Foresters and the Manchester Unity of Oddfellows. The latter derived their quaint name from the wish to signify that their members were not, as in the old guilds, confined to any particular trade, but were "odd," or unconnected one with another. The first Oddfellows were twenty-seven working men of Manchester, who had belonged to a trade guild called the "Sheffield Unity," which died out about 1812. These twenty-seven formed themselves into a "Manchester Unity" on novel lines, admitting workmen of various trades. This unity has over one million adult members, besides juveniles, and a capital of £12,000,000. There is a sliding scale of payments and benefits, by which subscriptions of 6½d. a week earn sick payments, with medical attendance included, beginning at 12s. to 20s. a week for twelve months. Quarter pay is given after a continued illness of two years. In the *Oddfellows' Magazine* of October, 1904, is an interesting statement of the payments made to a certain member, whose sick pay alone amounted to more than £500:—

"The death of a member of the Imperial Lodge, Cheltenham, occurred on August 29, 1904, at the age of 71 years, after a membership of the Lodge of 46 years. He had been continually in receipt of sick pay from the lodge since August, 1869, a period of 35 years. The total amount of sick benefit paid by the lodge during his membership amounted to the large sum of £549 13s. 10d., and the amount paid to his widow for funeral allowance was £32. The contributions paid during his membership would be about £76, part of which provided for an extra funeral allowance of £20, in addition to £12 from the Sick and Burial fund. This gives a balance to the good, as far as the member was concerned, over and above the contributions paid by him, of £506. Also, in addition to the sick pay, the contributions paid by him included provision for medical attendance and medicine during his membership, which, considering his long period of sickness, would mean a considerable sum saved in the cost of medical attendance. Since this member attained 65 years of age, the total cost to the Lodge has been about £110 for sick pay and funeral donation. Considering that Cheltenham contains several so-called political-benefit dividing societies, which not only increase their members' contributions yearly from the age of 30 to 65, but *exclude them from membership on attaining 65 years of age*, this instance of membership and

sickness-experience shows the much greater advantages the Manchester Unity offers over and above those of the dividing societies, in not requiring an annual increase of contributions as age advances, and in allowing a continuation of membership as long as life lasts, either in sickness or in health, in many instances long after attaining 65 years of age."

This account is a good testimony to the benefit of belonging to a good Friendly society. Grand Master Hind, again, speaking to the Oxford branch of Oddfellows in April last, said that he—

"was proud to be at the head of the order, because it taught men self-dependence and good citizenship. He was not, however, satisfied, and his hearers could not be satisfied, that a society with 1,020,000 members, vast capital, and a surplus of £33,000, should have made so few additions to its membership during the last few years. The society was more sound, more secure, and more financially prosperous than ever before, and yet by the last return they had only an increase of 2850 members. What was the reason? He believed it was to be found in the mushroom societies which sprang up in all directions—sick and dividing clubs, tontines, and the depositing systems. There was a great danger to the country in that alteration of the investments of the working-classes, for this reason: If a working man saw that a society was registered under the Friendly Societies' Act, he understood that he had a right to believe that it was a society which deserved his support, into which he could put his money with security, which would pay him the full benefits promised *whenever* he required them, a society he could trust."

Collecting, building, deposit, and dividing societies; slate clubs, tontines, and shop clubs,—all these show various ways of saving money; but they cannot all come under the head of thrift or friendliness, while some are simply speculative concerns.

Collecting societies, which are usually burial clubs, are, as their name implies, worked by agents or collectors, who call weekly at houses for payments. This is naturally an enormous expense, and it has been calculated that for every shilling of benefit assured, the assurers have to pay nearly two shillings. There are other drawbacks also; for instance, the collectors are generally paid on commission, so that it is a great temptation to them to overpersuade their clients with illusory promises. The chief *raison d'être* of collecting societies (except, possibly, the

present comfort of shareholders) seems to be that they do induce some people to make provisions for funerals, and for benefits to survivors, where otherwise, from lack of energy and general improvidence, there would be none. That any one should knowingly and heedlessly pay twice over for any benefit assured is similar to the oft-told improvidence of the coster class, who will borrow a sovereign at interest of 1s. to 2s. a week, or even a day.¹ Slate clubs and other dividing societies should gradually disappear, as the better class of mutual provident associations become known. They were well enough before the days of schoolmasters, when railway and postal arrangements had scarcely come into the life of villages and country towns, and each of these seemed a little kingdom by itself, unmindful of the blessed virtue of co-operation. Now these clubs almost seem anachronisms. A club which "shares out" annually scarcely comes under the head of thrift; it may possibly lead the way to it, but more probably acts as a barrier. Slate clubs are only of use to those whose health prevents them being passed by the doctor for the better Friendly societies, to those who are too old to become members, and to those employed in dangerous trades.

Membership of a building society may be either a speculation or a good insurance and security for an old age pension. Many people who purchase their houses through building societies are able, when past work, not only to live rent free, but to derive an income from lodgers. Shop clubs must be reckoned among the unsafe societies, for, unless they are "sharing out" clubs, they are naturally intended to benefit only the permanent workers, and all kinds of circumstances may prevent a person continuing work in the same place and with the same firm. Deposit societies, of which one of the largest is the "National Deposit," may be termed half savings bank and half Friendly society. Members who are ill are paid out of the benefit fund, and can also draw on their deposits. The former payment ceases when the latter is exhausted; so that in the case of a long illness the help promised by a deposit society may altogether fail. Tontines

¹ Bosanquet, *The Standard of Life*.

are so named from Tonti, a Neapolitan who invented the system, which it was Cardinal Mazarin's delight to use to pacify the people, with the hope of becoming rich. These are very speculative concerns, the money originally put in by a large number of members being ultimately divided among a small number of survivors. A great many of the Irish so-called Friendly societies are tontines, and perhaps the 130 tontines among the 1238 Lancashire clubs are partly due to Irish influence, as very few other English counties have them at all. Cheshire, Denbighshire, and one or two mining districts have them, but not Staffordshire, though that is a county for "dangerous trades."

Even when they are not specifically temperance societies, such as the Rechabites (220,000 members) and the Sons of Temperance (104,000), the trend of the Friendly societies is strongly for temperance, if only because they raise the standard of public opinion among their members. It is unfortunately true that business and social meetings, for want of convenient large halls, are too often held at public houses; but the great majority of the members work against this abuse, and better arrangements are increasingly being made. As to individual temperance, we know that good qualities gather round a leading virtue. It is a perfectly natural sequence of events in *Robinson Crusoe* that when in his misery he did what he knew was right—i.e. repented of his past, and also took thought for the future by sowing corn and drying raisins,—he grew to have faith in God, love for his fellow-man, and happiness for himself.

It is natural to mention Defoe in connexion with Friendly societies. To those who only know him through *Robinson Crusoe* and *The History of the Plague*, it is strange to find that he had ideas about progress and poverty much in advance of his time.¹ Among his 183 works is *An Essay on Projects*, in which he writes thus:—

"Want of consideration is the great reason why people do not provide in their youth and strength for old age and sickness, and the ensuing proposal is in short only this—that all persons in the time of their health and youth, while they are able to work and spare it,

¹ 1661-1731.

should lay up some small inconsiderable part of their gettings as a deposit in safe hands to lie as a store in bank to relieve them, if by age or accident they come to be disabled or incapable to provide for themselves, and that if God so bless them that they nor theirs never come to need it, the overplus may be employed to relieve such as shall. If an office in the same nature with this were appointed in every county in England, I doubt not but poverty might easily be prevented, and begging wholly suppressed. Another branch of insurance is by contribution, or (to borrow a term) friendly societies, which is in short, a number of people entering into a mutual compact to help one another in case any disaster, or distress, fall upon them. If mankind could agree as these might be regulated, all things which have casualty in them might be prevented."

One wishes Defoe might have looked on to the present day, and seen the way in which Friendly societies, such as he desired, now branch out into ways of help, unimagined by him,—the giving and endowing of life-boats, the building of convalescent homes, the summer excursions, and other means of social profit and enjoyment.

Various opinions are held by those qualified to judge as to whether our Friendly societies may be considered a continuation of the old trade guilds, or should be looked upon as an entirely separate system, called into being by the necessities of modern times. Mr. J. M. Ludlow, who was formerly Registrar of Friendly Societies, holds that there is no historical gap between them, and that if we knew all we could trace the actual passage from one to the other. The guilds mostly came to an end in England, as their property was too valuable to escape the rapacity of Henry VIII.; but in Scotland no such confiscation took place, and the trade guilds there gave rise to, or were continued in, the Friendly societies. That they should have taken such deep root, and spread so rapidly, alike in England, Wales, and Scotland, may be due to the inborn love of liberty in England and Wales, and to the spirit of democracy in Scotland, both tending to independence. That they have not spread so universally over Scotland as over England and Wales—for nine Scotch counties out of thirty-three have no Friendly society—may be attributed to Scotch caution, and to hereditary habits of "teapot"

hoarding. Ireland, rather curiously, does not join much in the (Roman) Catholic Benefit Society, mainly established by Cardinal Manning: that society has its strongest membership in Lincolnshire and Yorkshire. Dublin has a great many societies, but they are principally tontines and burial-clubs. Perhaps the reason why Ireland has not come much into the Friendly society movement is also to be traced to a national characteristic—the happy-go-lucky *insouciance* of the Celt, the Micawber-like belief in something turning up.

When Defoe borrowed the term "Friendly society," he probably had in his mind the first one known under that name in England, viz. the Friendly Society at the Norfolk Arms, Ivimey Street, Shoreditch, which was established in 1637, ten years before his *Projects* was published. It is very possible that the idea of a society for mutual assurance may have been introduced by the Huguenot refugees then settled at Spitalfields, and that Defoe, then living in London, may have sought them out, and have heard from them of the Friendly and Trade societies which had appeared in their country under the fostering hand of the great Colbert. This great man, once a draper's errand boy, whose aim was to raise the strength of France by developing every side of its national life, found his plans constantly and tragically frustrated by the despotism of Louis XIV., and the ill-will of the people, who attributed many of their cruelly oppressive taxes to the great minister of finance, instead of to his royal master. The immigration of 80,000 French persons into England as the result of the revocation of the Edict of Nantes had an enormous effect on commerce, as some important manufactures were withdrawn from France altogether, and in the silk trade a rivalry was created which has lasted to the present day. Their industry, in both senses of the word, gave the Huguenots so much influence, that we cannot wonder at the growth of their Friendly societies, which would be of even greater service to them as strangers in a strange land, than when they had been oppressed by tyrannical taxation at home. France has influenced Friendly societies of later days in another way, though indirectly. Under the panic of the French Revolution,

two Acts were passed, making a society with branches illegal, and prohibiting certain meetings of more than fifty persons if held without notice. These Acts were not repealed till 1846.

Unwise legislation affecting the Friendly societies is now more rare and of less moment than was once the case, and the vista of the future is a bright one. There are some weak points in the societies themselves to be strengthened, for instance the secession, due chiefly to carelessness and neglect, of many young members who might most reasonably be expected to keep up their payments. The Charity Organization Society is working strongly to aid the best Friendly societies, and at several of its offices is issued a leaflet, "Look Ahead," giving information about the local Lodges. Its committees frequently base their ability or refusal to help applicants on the evidence of thrift or improvidence shown, and the wider knowledge of this policy is producing good effects. The masters and mistresses of London County Council schools readily give lists of the boys and girls who are leaving to a visitor who will see them and urge them to join Friendly societies; and similar work is being done by managers of social clubs and continuation schools. In the case of girls' clubs, as the facts are less widely known, it is particularly important that information should be given as to the women's Friendly societies, and the Foresters' and other large societies which have opened their doors to women and girls.

Some people may think that a period marked by trade depression, slackness in work, and "unemployed" problems, is scarcely a time to inculcate the prudence of belonging to a Friendly society. But it is during such hard times that the great advantage accruing to members of a permanent club is seen. The boards of guardians and unemployed committees know how rarely the members of good Friendly societies come before them. Those who know the inner working of Friendly societies are well aware that when a member is in danger of seeking relief from the guardians, he prefers to go first to his brethren, and obtain from them in a more honourable way the relief which he had been ready himself to contribute for the benefit of others. When a member falls out of work, he may be

helped to other work, or temporarily with money, or be granted travelling expenses to go in search of employment. People occasionally ask why out-of-work allowances cannot be given, on a scale like that of sick pay; the answer is, because of the impossibility of verifying the cause of unemployment. A particular class of work may be naturally subject to slack times, such as that of painters and builders; in such cases the workman should live on his average wage, and so carry himself through the out-of-work time. In other cases the lack of work may be due to the workman's ignorance or inefficiency, or to demand being short of supply. In the latter case, a weekly allowance that kept a man in the place instead of getting him work elsewhere would be a distinct evil.¹

The best Friendly societies are securely founded, strong, healthy, and flourishing. They have worked out their own salvation, and are firm enough now to withstand any undue interference. Anything really unsatisfactory in their financial operations will each year become more of an impossibility, owing to the increasing vigilance and experience of their manager-members. If, however, there are dangers ahead, they will come from inside, not from outside, being such as are due to altering too quickly, or not quickly enough, to meet the changes brought about by succeeding generations. The Friendly societies have a wide field of social improvement in front of them, and all that they have done in the past may be but an earnest of the greater work that they will achieve in the future.

CHARLOTTE F. YONGE.

¹ Helping those out of work by allowances may be left to trade-union societies. In 1903, about £500,000 was thus paid away.

ALCOHOLISM.

THE subject of alcoholism in its relationship to medical science is a very large one, and I shall only be able to touch very briefly on its various aspects, devoting most attention to the consideration of the effects of alcohol as a cause of mental disease. Before, however, proceeding to notice the effects of alcoholism on the human system, I should like briefly to refer to some of its most common causes.

That an hereditary predisposition to the drink craving is common few will deny, and that it passes on through many generations must be accepted; but medical opinion seems to be hopelessly divided on the question as to whether an "acquired inebriety" can be transmitted from parent to offspring. Biologists say that there is no proof whatever of this; but they are prepared to grant that intemperate habits enfeeble the parent, and may in some way produce a germ which, when fecundated, may grow up into an individual who is feeble and imperfect. But, they say, if a man has a hereditary tendency to drink, and does drink to excess, his children will have the hereditary tendency, plus the added increment from the father's excesses. It must be a common experience of most people, that the drink craving does run in families, however this may be explained.

Dr. Wilson has enumerated the common characteristics of subjects predisposed to alcoholism, as follows:—

1. An unusual desire for cerebral stimulation.
2. A palate which appreciates the first taste of alcohol.
3. A liability to be affected by small doses.
4. An impulsive mode of nervous action.

The environments of work and social life have much influence in the formation of the drinking habit, both from a physical and from a moral point of view. Many occupations have a

tendency to produce inebriety—those, for instance, attended by great heat and great changes of temperature, such as the work of gas-stokers or ironfounders; those exposed to cold and inclement weather, such as the occupations of omnibus and cab drivers; and those which involve intermittent heavy work, with periods of idleness, such as the life of dock labourers.

The customs of social life, amongst a large section of the community, tend to produce the habit of drinking: such as the excess indulged in at convivial gatherings; the habit of treating to drink on meeting friends; and the custom, which is common in some places, of confirming sales and purchases at fairs and markets. Other contributing elements may be mentioned, such as the wretched housing of the poor; the absence of the provision for rational amusement and recreation for the people; and the demoralization which results from the disintegration of social life among the struggling masses in our great centres of population.

As to the causes favouring the drinking habit in women, an eminent surgeon, giving evidence before the Liquor Commission in 1899, stated that it was his experience that female drunkenness had almost without exception been traced to physical or mental suffering. This statement is in a large measure true, but it is, I think, too sweeping; there are numerous other causes which are not far to seek. Women, like men, undoubtedly inherit a tendency to drink, but in a less degree. Bodily conditions play a more important part in the formation of the habit than in the case of men, notably the distress incident to disorders and crises of the reproductive functions. The vicious fondness for alcohol is rarer, and the disease slower in developing. Environment plays its part with women as it does with men; and in manufacturing towns, where there is a great amount of female labour, there is greater temptation to drink amongst the women, because they earn money for themselves, and so feel their independence, and their right to spend what they earn in the way which gives them the most pleasure; their life is more assimilated to that of men, and they take their pleasures and entertainments in the same way. Another factor which in recent years has without doubt been responsible for the

increased drinking habits of women is the granting of grocers' licences to sell intoxicating drinks; this has led to an enormous amount of secret drinking amongst this sex. It has been said that the prescribing by doctors of alcohol to women in their illnesses is responsible for a large amount of the vice. I have no doubt that to some extent this is true, but not to the extent that some would have us believe. Dr. Norman Ker, who was for years the champion amongst medical men of the cause of total abstinence, found that only 1 in 4000 cases could be attributed to this cause.

I pass to the *effects* of the excessive use of alcohol on the individual. These are, in a great measure and in a general way, known to the laity as well as to the medical profession. There is not an organ or tissue in the human system on which alcohol has not a deteriorating influence; it affects the most highly organized brain cells, as well as the coarsest fibres of the body generally. The continuous use of alcohol, even in quantities far short of excess, acts injuriously on the digestive organs, producing a chronic form of dyspepsia, with all its attendant troubles. It has a degenerating effect on the blood-vessels, giving rise to a diseased condition called atheroma, which renders them unduly liable to rupture; it is a very common cause of disease of the heart, kidneys, and liver, and, what is of supreme importance and interest, it renders the system more vulnerable to attacks of ordinary diseases arising from other causes, such as consumption and other lung diseases, and inflammation of various organs and tissues.

It is also well known that intemperance in drink seriously predisposes to the contraction of syphilis, by deadening the sensibility, and making its victims indifferent to cleanliness and to the consequent dangers of infection. Professor Koch and others have expressed themselves strongly to the effect that the intemperate are much more liable to fall victims to tubercular infection, and that the disease, once established in such persons, takes an unfavourable and rapid course.¹

¹ Investigations made by Professor Kräpelin, of Berlin, show that a small quantity of alcohol has a deceptive influence on the mind, when any complex

It is interesting here to notice a very important statement made before the Royal Commission, with reference to "alcohol and liability to disease." It is an extract from the Report of the Public Actuary of South Australia. In that colony there are three societies conducted on strictly teetotal principles, the Albert District of Rechabites, the South Australian District of Rechabites, and the Sons of Temperance; and the mortality per cent., and the amount of sickness, were compared with those obtaining amongst the members of three other societies which were non-abstaining. The result was as follows: the mortality in the teetotal societies was 0·689 per cent., against 1·381 per cent. in the non-abstaining societies, or about one-half. Similarly the amount of sickness, in weeks, was in the former case 1·248, and in the latter 2·317, or nearly one-half. It is noted also that in the non-abstaining societies there are many abstainers; if these were removed, the difference would be greater.

Further very striking evidence was laid before the commission, proving the inevitable connexion of drinking with the increase of vice, crime, and the deterioration of the race. This was a statement of the comparative statistics of France, Belgium, Norway, and Sweden, prepared by Dr. Legrain, superintendent of an asylum in Paris. It is illustrated by very carefully drawn diagrams, showing the increase of the consumption of spirit in France and Belgium since 1830, and coincidently with this an upward trend of the consequences of drink, such as accidental deaths, suicides, lunacy, and common crimes; and as to France, a definite increase of the percentage of conscripts refused as unfit for service.

Thus in France the consumption of proof spirits containing 50 per cent. of alcohol, in 1830, was 2·2 litres per head of the population; in 1898 it had risen to 10·16 litres per head: the rejection of conscripts was 21 per cent. in 1830; in 1898 it had

action is required. There is a loss of cerebral activity, although the individual seems to feel that his brain is extraordinarily active. When the exact period of time was measured on a drum, it was found that the mental operations were slower under the influence of small quantities of alcohol than without it. The effect on muscular tissue was found to be similar, there was an additional amount of work performed at first, but this was quickly followed by a depressant effect.

risen to 32 per cent. A totally different state of things was shown to be the case in the other countries examined, Norway and Sweden, where by wise legislation the consumption of drink had been steadily decreasing. In the last-named country the contrast with the picture presented by France is complete, for, besides a diminution of crimes, suicides, and deaths from alcoholism and syphilitic diseases, the percentage of conscripts refused has been steadily reduced. Thus, in Sweden, the consumption of spirits in 1830 was 46 litres per head, and in 1890 6 litres; the percentage of rejections of conscripts in 1845 was 34·46, and in 1885 19·61. Facts such as these ought, one would think, to have some effect on the public mind, to influence our legislators, who are supposed to be responsible for the making of laws for the improvement and well-being of the masses.

But my main object is to call attention to the effects of alcoholism in the production of insanity and mental enfeeblement. It has been said by an eminent authority that we can artificially produce insanity by alcohol, in the sanest individual; that we can induce by rapid or slow degrees a gradually progressive insanity, ending at last, if pushed far enough, in coma and death. In estimating the effects of drink in the production of insanity resort must of necessity be had to the statistics of the various asylums of the country, and in compiling these the central official authority obtains its figures from each individual asylum. This being the case, it can readily be imagined that many fallacies and inaccuracies creep in, in consequence of the different methods adopted in the different asylums of obtaining information regarding the cases admitted, and the amount of care taken in collecting and collating such information.

In our own asylum at Nottingham we are confronted with many difficulties in finding out the true cause of the disease. The individual himself, in nine cases out of ten, is unable to enlighten us, so that we are dependent upon the information given by the friends and relations. When the disease is produced by any vice, it is not to be wondered at that we are often kept in the dark as to the true cause; in the cases of women, when the vice is that of drinking, the concealment is more especially noticed.

Fortunately, however, from the point of view of statistics, the forms taken by those diseases of the brain which are due to alcohol are in the majority of cases recognized and classified, so that we are not entirely dependent upon others in finding out the cause.

The following figures are taken from the last annual Report published by the Lunacy Commissioners. For the five years 1899 to 1903 inclusive, the average annual number of patients admitted into the pauper asylums of England and Wales was 8918 males and 9410 females, total 18,328. During the same period, the average annual number whose insanity was caused by drink was 2102 males and 899 females, total 3001, or a percentage of 23·6 males and 9·6 females, total 16·6. In Nottingham during the same period, the percentage of cases caused by drink was 14·4 males and 11·8 females, total 13·1. In examining the comparison between Nottingham and the rest of the country, two things strike me, first, that the proportion of male cases due to drink is considerably less here; secondly, that the proportion of females to males is very much higher.

To show, however, how misleading statistics may be, unless they are compiled for a long series of years, I have gone further back, and taken the figures for the five years preceding 1899; and here we find with regard to the men that the proportion is higher in Nottingham than elsewhere, viz. 24·9 per cent. as against 22·4, whilst as regards women the percentage is practically the same, viz. 9·5 to 9·4. So that the difference in the percentage of drink cases amongst the men in the two quinquennial periods was very considerable, viz. 24·9 between 1894 and 1899, and only 14·4 between 1899 and 1903. What is the explanation of this? I think it is mainly due to the state of trade; when this is good, and work is plentiful, the earnings of the men are greater, and consequently they have more money to spend on drink. This result has been demonstrated very clearly in many other industrial centres. Is this theory borne out in Nottingham in this instance? I think it is, for it is generally admitted that from 1894 to 1899 trade was good, and that during the succeeding five years it was bad. If I take a still longer

period, say fifteen years, from 1889 to 1903 inclusive, I find that the percentage of insanity caused by drink in the country generally was 22·4 for males and 9·0 for females ; and, for the same period in Nottingham, the percentage was 20·4 for males and 9·6 for females. Consequently, taking the average for this period, Nottingham stands better than the rest of the country as regards men, and slightly worse as regards women. One of the witnesses before the Royal Commission stated (evidently relying upon inaccurate data) that in Nottingham, where so many women were employed in factories, twice as many women as men were received into the asylum whose insanity was ascribed to drink ; the figures I have just given disprove this statement, and, as a matter of fact, the difference between Nottingham and the rest of the country is only 0·6 per cent.

The question as to whether insanity due to drink is or is not on the increase is an important one. I find, taking the three quinquennial periods from 1889 to 1903, that there has been a slight but steady increase in the country generally in both sexes, but in Nottingham the increase has been confined to the women, whereas in the case of men it has not increased, but decreased. I give the figures below in tabular form.

INSANITY DUE TO DRINK IN ENGLAND AND WALES, AND NOTTINGHAM RESPECTIVELY, IN THREE QUINQUENNIAL PERIODS, EMBRACING THE YEARS 1889 TO 1903 INCLUSIVE.

Years.	England and Wales.		Nottingham.	
	Males.	Females.	Males.	Females.
1889 to 1893 ..	21·1	8·3	21·6	8·1
1894 „ 1898 ..	22·1	9·1	24·9	9·5
1899 „ 1903 ..	23·7	9·5	14·5	11·2
Average ..	22·3	8·9	20·3	9·6

The striking feature here as regards Nottingham seems to be the diminution in the rate amongst men, and the increase in that amongst women. I have stated my opinion as to the cause of the former. As to the rise in the female rate, I think it is probably due to the lowered physical condition brought about

by a lack of proper nourishment during a period of trade depression, so that those who are given to excessive drinking more readily succumb to mental breakdown. Besides, where there are conditions of misery and poverty in the home, the woman of defective moral control is the more ready to seek solace in strong drink.

The figures given may not seem excessively high, and possibly it may be thought that the outcry respecting the association of alcoholism and insanity has been excessive and unnecessarily alarming; but it must be remembered that the percentages given only represent the numbers directly and admittedly arising from this cause; if, however, we added to these all those cases arising indirectly from drink, I am afraid we should find that the percentage would be very considerably increased, possibly doubled.

The cases recorded as directly due to alcohol are those only whose insanity has arisen from its effects in the individual himself, operating primarily on the nervous system, and causing mental breakdown; but let us see how it acts in other ways in producing insanity. It is undoubtedly responsible for the production of a large number of cases of a well-recognized disease of the brain, called "general paralysis," a disease which attacks people in their prime, and which is incurable and hopeless. Again, it renders the individual, as I have previously shown, more liable to contract the contagion of syphilis, which in its turn produces a no inconsiderable amount of insanity.

Indirectly, also, excessive indulgence in drink leads to conditions favouring mental deterioration and insanity by its attendant evils, such as loss of employment, and the worry and anxiety connected therewith; the poverty, want, and misery which it produces in the home; the lowered physical condition, as I have said, caused by the deprivation of proper support; and other miseries which it brings in its train. All these go to swell the number of cases admitted into our asylums from amongst the dependants of drunkards, but they are classed in our returns as cases due, not to drink, but to such causes as "poverty," "adverse circumstances," or "mental worry."

We have nowadays a very much larger number of females admitted suffering from melancholia than formerly, and the majority of these are caused by the distressing circumstances arising through the intemperance of the head of the family. Puerperal insanity, too, is by no means uncommon amongst young married women, and in a large proportion of these it is found that there had been, previous to the confinement, the disturbing and distressing influences at home usually brought about by the drunken habits of the husband.

In my capacity as expert witness for the Crown, I have personally investigated the history of most of the capital crimes committed in Nottingham during the past twenty-five years, and I have found that, in the majority of instances (I have not the exact figures by me), the crime was the consequence, directly or indirectly, of over-indulgence in alcohol. Homicide and suicide are very closely associated, and they are almost invariably impulsive acts; now alcohol in excess is well known to produce defective inhibition, or the lowering of the power of self-control; so that it is readily seen how this vice leads to acts of violence both suicidal and homicidal.

To enter at length into the various ways in which alcoholism produces race deterioration would take too long, and I shall confine myself to a few remarks illustrative of my own experience, gained by an investigation into the histories of the feeble-minded children in Nottingham. We have seen that the children of alcoholic parents are more predisposed to become alcoholic than are the children of healthy parents, and that the alcoholic parent is prone to produce children who are in other ways weakly and degenerate. It is in this way therefore, by handing down from generation to generation a condition of the constitution which is defective, degenerate, and predisposed to vice, that alcoholism acts as a factor in race deterioration. During the past four years I have examined about 300 feeble-minded children before their admission into the defective schools, and I have as far as possible ascertained whether their parents were temperate or not. I found distinct evidence of intemperance in one or both parents in about 25 per cent. of the cases. This does not prove,

of course, that the intemperance of the parents was the sole cause of the defective mind in the children, but the percentage is far higher than would be found to obtain in the parents of ordinary healthy children. Intemperance in the parents produces its evil effects on the children in several ways, *e.g.* by transmitting a weakened constitutional condition to the child; by causing a distressed and emotional condition of the mother during pregnancy (a very potent cause of feeble-mindedness in children); and by bringing pernicious and disturbing influences into the home, which affect detrimentally the rearing of the children. Worse still, in the case of the mother being drunken, the poison of alcohol is conveyed into the system of the child both before birth, and during the nursing period through the milk. Is it to be wondered at, therefore, that a child whose system has been subjected to a process of slow poisoning by alcohol from its very earliest existence, should develop into a feeble and degenerate individual?

Next to hereditary transmission, one of the chief causes of feeble-mindedness is the deficient nutrition and general neglect of the child during infancy. When one considers the usual surroundings of an infant in a poverty-stricken home with drunken parents, the wonder is that any of the children grow up to be healthy and normal. A proper amount of sleep, which should be undisturbed, is almost an essential to the normal development of the nervous system of a child; it is not difficult to imagine that this is rarely obtained in a home where one or perhaps both the parents are inebriate.

Enough has, I think, been said to show what a potent factor alcoholism is in the production of insanity and race deterioration; and how most diseases come, not by chance, but as the inevitable result of the breach of natural and moral laws.

E. POWELL.

THE CLERGY AND AGRICULTURE.

THE condition of agriculture is now recognized as furnishing one of our most pressing national problems. On its solution depends very largely the question of the unemployed, as distinguished from that of the unemployable, for the excess of supply over demand in town labour is balanced by excess of demand over supply in the country, at least at the present rate of wages. On its solution again hangs, to a great extent, the remedy for the alleged physical deterioration of the people. The countryman is distinctly healthier than the townsman, in spite of bad cottages and water, and his expectation of life is five years longer. But if agriculture is interesting to all classes of the community, it is especially interesting to the clergy and their friends, whether they are thinking of their pockets or their flocks. A small improvement would perhaps make more difference in the latter respect than in the former. For in country parishes all religious enterprise, if not activity, is apt to be numbed by the chill frost of continual penury. Religion is, in the opinion of nine people out of ten, one of the luxuries of life. They have little time or means to devote to this luxury, much less to the luxuries of this luxury, until their primal needs are satisfied.

Now, the most striking and at the same time most hopeful fact in connexion with this subject is that the wave of depression which we know so well is not peculiar to England. It has been common to all European countries. But while the cloud has hung over them it has not rested there. It has largely, at least, dispersed abroad and broods now in undiminished force only over England.¹ Can we see the causes of this improvement,

¹ Since these words were written, Mr. Pratt, in his last book, maintains the opinion that the tide has distinctly turned in England also. British agriculturists

and, if so, can we do anything to reproduce them in this country? My present object is to show that we can, and in doing so to draw attention to the very remarkable part which the clergy have taken in bringing about the foreign agricultural revival.

In the first place, it is worth while to quote two witnesses to show that agricultural depression has not been confined to England; and lest any one should think that free trade alone is responsible for it, one instance shall be from a protectionist country, France, and the other from Denmark, where there is no tariff. Here is the account which M. le Comte de Rocquigny gave of French agriculture in 1884:—

“After having enjoyed a long period of prosperity, our agricultural producers began to suffer experience, of which no one could see the end. The French market, which, by reason of the development of the means of transport, was no longer protected by the natural barrier of distance, began to be flooded with foreign commodities produced at a cost that defied all competition. Our lands, exhausted by centuries of cultivation, had no chance against the production of virgin soils, or of countries more favourably situated in regard to taxation, cost of labour, etc. The wheat of North America, India, and Russia; the wool of Australia and La Plata; the wines of Spain and Italy; and even the cattle of Italy, Germany, the Argentine Republic, etc., took, little by little, on our markets the place of our home supplies, and the simple threat of their being imported was sufficient to effect a lowering of prices. . . .”¹

have taken to alternative crops and industries “to an extent that hitherto the British public have failed entirely to realize. The tradition of agricultural depression has been kept alive in the press by ‘gentlemen farmers,’ who, with the decline of wheat-growing, found their occupation gone, and the ‘working farmer’ who is taking their place has not contradicted them” (*The Transition in Agriculture*, p. 4). Mr. Pratt’s business has been to make himself acquainted with the most progressive agriculturists, and it would seem that he takes rather too rosy a view of the situation. Probably the truth lies somewhere between Mr. Pratt’s optimism and the pessimism which Mr. Rider Haggard expresses in his new preface to *Rural England* (new edit., 1906, p. ix.): “Meanwhile, what is to be said of the present state of the agriculture of Great Britain? But little, I think, except that since the publication of *Rural England* (in 1902) it appears, on the whole, to have still further disimproved. . . . At any rate, in the counties with which I am best acquainted, I can see no advance.”

¹ Pratt, *The Organization of Agriculture*, p. 59. M. Victor du Bled calculates

Readers of modern French literature will remember how lugubrious a picture is drawn of the agriculture of that time in M. René Bazin's novel *La Terre qui meurt*. Before showing how it was rescued from this slough of despond, it may be mentioned that very similar conditions prevailed in free trade Denmark, a country which was moreover heavily handicapped by natural difficulties. First by the Napoleonic wars, and then through the war between Prussia and Austria, Denmark was pressed by the sorest financial straits, losing withal her two most prosperous provinces. Of Denmark, as it was then, a large part consisted of moor and marsh. It was while staggering under these disabilities, the poorest country in Europe, that she was called upon to withstand the effects of the fall in the price of corn, which had been her staple product. Yet Denmark is at the present time, in proportion to population, the second richest country in Europe, England being the first; whilst, unlike England, she owes her wealth almost entirely to agriculture. This conquest of difficulties is as brave a feat as the empire which, as Goldsmith said, "the Dutch have scooped out of the ocean."

Agricultural depression, then, a quarter of a century ago, was a universal fact. To what was it due? In no true sense can it be ascribed to rent, for that was not a new factor. It is more correct to give a scarcity of labour some share in the result. At the same time it must be remembered that scarcity of labour only means scarcity at a given rate of wages. If farmers were to increase their wages, no doubt more labour would be available; and the shortage is, therefore, often merely a symptom of depression and not its cause. Moreover, new machinery has rightly displaced much mechanical labour on the part of men. Other minor causes of this depression may be mentioned, as far as England is concerned, in the absenteeism of landlords, who drain their estates of all their surplus wealth in the form of

that there are at present 2500 co-operative agricultural societies in France, with a membership of over 800,000. As these are nearly all heads of families, it follows that over 3,000,000 persons are interested in the movement, directly or indirectly. *Revue des Deux Mondes*, May, 1906, p. 115.

rents, which they spend in the towns, and in the difficulty in England of procuring small holdings. But, after all, the great cause of depression has undoubtedly been the sudden activity of competition in all parts of the world, due to the discovery of improved means of communication, an activity which has heightened enormously the fierceness of the struggle for existence. As we look back on the history of the world, we see that the really important events are not those which were thought important at the time, wars and the rumours of wars, the seating and dethroning of princes, but apparently slight things signalized only by the Eureka of some student's midnight joy. Thus, for instance, it was the mariner's compass in the fifteenth century which made possible the expansion of trade, and brought men of European nations in contact with Asiatic forms of thought and civilization. So it was the printing-press that overthrew aristocratic government. And so, lastly, it has been the discovery of the steam-engine, the telegraph, and the telephone which has been responsible for almost all our problems at the present day, and not least for the depression of agriculture. In comparison to the beating down of the immense natural barrier of time and distance by these potent new forces, the demolition of such artificial barriers as man can raise by means of tariffs is a small thing. In assenting to this it is not necessary to take any side on the vexed question of tariff reform. It may still be good to preserve what walls we can against our competitors by means of tariffs. If they take from us our cloak we are not bound to let them have our coat also. It is possible, however, to leave this question on one side, inasmuch as the effect of tariffs is almost insignificant in comparison to the other influences which have been mentioned. Hardly a week passes but reminds us of the vast area from which our supplies are drawn. Whatever country comes into prominence, it will almost certainly be found to be a keen competitor of our farmers. No one would think, for instance, that Morocco would be able to oust the English poultry dealer from his home market. But, in fact, 50 million eggs are shipped thence annually, the beginning of what will perhaps in a few years

become a still more imposing trade. Another striking instance of the internationalizing of commerce comes from Siberia, the last place which the average Englishman would regard with apprehension as a competitor. In 1898 the exports from the Siberian dairies amounted to 48,360 cwts. In five years they were more than fourteen times as great, viz. 685,500 cwts.

"The Government," says Mr. Pratt, "runs four butter trains a week during the summer season. Starting from Ob, each train picks up wagons at various stations (Omsk generally supplies four) until the full complement of from 25 to 28 has been reached. Three of the trains go to Riga and Windau, the destination of the fourth being St. Petersburg, Novi Port, and Reval. Each of them travels at *grande vitesse* speed, and takes precedence of all ordinary goods trains. Refrigerator wagons, painted white, are provided for the traffic (about 1000 are now available), and theoretically there should be a supply of ice at every important station.

Surely, it may be said, butter brought so far must cost too much to compete favourably with the Surrey or Leicestershire dairies in the London markets. On the contrary, butter which is bought at Omsk at $7\frac{3}{4}d.$ a lb., can be carried to London for a $1d.$ more, and sold for a $1d.$ a lb. profit at $9\frac{3}{4}d.$

The improvement of means of communication has thus been the chief cause of the depression of agriculture. But it has been enhanced by other circumstances, without which it would have lost half its sting. Competition is a two-edged weapon. It cuts both ways. If it enables Morocco to compete with England, it also enables England to compete with Morocco. And foreign competition by itself would have had little terror for the English farmer had it not been assisted by the twin forces of education and co-operation.

I. *Education*.—The Briton, and especially the British farmer, has little respect for education, even if he does not, as a witty bishop once remarked, "hate it, hate it for its own sake." Yet it is largely through the discovery of new processes that the economies in agriculture have been produced which enable the foreigner to undersell the Englishman. And that is not all. Necessity, the mother of invention, has driven Continental

farmers to realize that brains are needed nowadays for agriculture, and they submit themselves to intellectual training not merely of a technical but of a liberal kind. Thus in Denmark there are people's universities to which the farmers' sons go for six months in the winter to obtain, not, as might be supposed, technical instruction, but a literary education. They have come to agree with Newman's words (in the *Idea of a University*) when he says that—

“General culture of the mind is the best aid to professional and scientific study, and educated men can do what illiterate cannot; and the man who has learned to think and to reason, and to compare and to discriminate and to analyse, who has refined his taste and formed his judgment, and sharpened his mental vision, will not indeed at once be a lawyer, or a pleader, or a physician, or a good landlord, or man of business, or a soldier, or an engineer, or a chemist, or a geologist, or an antiquarian; but he will be placed in that state of intellect in which he can take up any one of the sciences or callings I have referred to or any other for which he has a taste or special talent, with an ease, a grace, a versatility and a success to which another is a stranger. In this case, then, mental culture is emphatically *useful*.”

II. *Co-operation*.—Quite as important a factor as education in the success of the foreign producer has been co-operation. That, too, is not a word with which the Englishman is enamoured. “An Englishman's house is his castle.” How characteristic is the proverb! The Frenchman's house is his tent, which shelters him for the night, and which he leaves behind him in the morning when he goes forth to meet his brothers in the joy of social intercourse. Or it is his caravanserai to which he welcomes his boon companions to plain and yet dainty living, or high and sparkling thinking, when the toil of the day is done. But the Englishman's house is his castle! If he has not got a moat, and portcullis, and drawbridge, and frowning battlements of stone to keep at bay all comers, he will do his best to make up for them. Co-operate with him? One would as soon talk of co-operation to a hedgehog. But, if he prefers to make that bed he must lie in it. If he will be an Ishmael with his hand against every man, he will have to put up with the consequence

that every man's hand will be against him. His isolation may be splendid, but it is not policy. Let us see how the opposite principle of co-operation has helped the foreigner. There are two kinds of co-operation: co-operation for the purchase of agricultural requirements, and co-operation for the sale of produce.

1. *Co-operation for Purchase.*—The simplest way in which farmers can by co-operation help one another is to club together to purchase what they require. The first advantage gained by this process is a marked improvement in quality. Here is an account given of its employment by the cultivators of the Ardennes district. The words are quoted from a speech by M. Abbé Couturiaux at a conference of priests held at Seraing in September, 1900:—

“Vast expanses of land in the Ardennes region remained uncultivated, producing nothing but bracken, broom, and heath. The Government by means of numerous conferences had sought to spread the use of chemical manures; but the cultivators were mistrustful, and those who attempted to use such manures found that they paid very dear to small dealers for phosphates and nitrates which were more or less falsified, and gave them an inadequate return for their outlay. In 1892 there were established at Ortho, in the north of the province, and in the German section of Luxemburg, the first leagues, or syndicates, of peasants for the purchase in common of chemical manures and concentrated feeding-stuffs for cattle. Experience soon showed the value of such institutions. The peasants found they could buy, at lower prices, products of a superior quality, guaranteed by trustworthy analyses against fraud. The soil began to produce abundant harvests; the cattle, better nourished, improved in quality and gave a richer milk. Confidence in the future revived many hitherto discouraged cultivators.”¹

But not only is the quality improved by co-operative purchase, the price also is reduced. Mr. Nugent Harris, the secretary of the English Agricultural Organization Society, writes that the returns of the affiliated societies show this clearly. There are at present but few such societies in England, which sadly lags behind the Continent, but he quotes the instances of the Eastern

¹ Pratt, *op. cit.*, p. 101.

Counties Farmers' Co-operative Association, which obtained reductions of from 10 to 50 per cent., the Carmarthen Agricultural Co-operative Society, which saved from 10 to 40 per cent., and others.

2. *Co-operation for Sale.*—This method of co-operation is, of course, far more important than co-operation for purchase, but it is also much more difficult. It demands a certain education on the part of producers, a power of subordinating the selfish to the common interest, which is not always to be found. Therefore it should invariably be preceded by the simpler form of co-operation. When this is done its advantages are great. In the first place, when there is co-operation there is some form of inspection of the produce before it is sent to market. It has to be carefully graded and certified up to a minimum quality. Now, this precaution is of the highest importance under the conditions of modern industry. An illustration will make this clear.

“The manager of the Advisory Business Department of the Agricultural Organization Society reported to me an interview he had a short time since with a principal of one of the largest provision firms in London, who informed our representative that his firm disposed of 1½ million selected eggs weekly, but that out of this number only 10,000 were English. In reply to the question why this was so, he said it was impossible to get a steady home consignment up to the uniform standard of the Continental eggs. This firm would preferably stock English eggs only, and had made several unsuccessful attempts to obtain a uniform and continuous supply, but was now compelled to depend on Holland, France, and Denmark. The Danish shipper who supplied the firm volunteered to pay a fine of one guinea on every case of eggs in which one egg was found that did not come up to the guaranteed standard.”¹

Again, co-operation reduces the cost of production. I quote from a *Report on the Dairy Industry in Sweden*, drawn up by Mr. Arthur Herbert, first secretary to the British Legation in Sweden.

“Foreign butter wins its way because it is generally of good and uniform quality—at least, that is the case with Swedish butter, owing

¹ *Agricultural Organization*, by J. Nugent Harris. Reprinted from the *Transactions of the Surveyors' Institution*, vol. xxxvii, part xii.

to the fact that the methods of production are always reaching a higher degree of perfection. Cheapness is brought about, not because the value of land in Sweden is less than in Great Britain, or because the climate is better, or because the other expenses of an agriculturist's business compare favourably with our own. The reason must be sought in their co-operative methods of manufacture, which effect very great economies, and it is here that the British agriculturist who does not understand how profit can be made out of Swedish butter at the price it is sold, must look for the explanation, coupled with the fact of the thoroughness of the agricultural technical education in this country." ¹

There is another assistance, of vast importance, which co-operation can lend to the farmer—it can work an extraordinary reduction in the price he has to pay for the carriage of his goods. The railways have, it seems, been unjustly blamed for the higher rates which they charge the home-producer as compared with the foreigner. The explanation is that the foreign consignments are despatched at regular intervals and in great quantities, while in England the same total amount is divided into thousands of small lots, each needing a distinct operation to attend to it. Thus Mr. Pratt tells us that

“not long ago the National Poultry Organization Society asked one of the English railway companies to reduce its rates for eggs from a certain agricultural district to London. At that very time the company was carrying through the district in question consignments of foreign eggs representing from 25 to 50 ton lots. But the company wanted to do what it could for the local residents, seeing that increased prosperity for the district meant increased prosperity for the railway. So it replied (in effect): ‘If you will only send us eggs in 4-ton lots, as against the very much larger quantities we receive from abroad, we will give you a rate which will be 25 per cent. lower than we get as our share of the through rate charged to the foreigner.’ But the offer had to be declined, simply because the production of the whole county would not have sufficed to make up a 4-ton lot.” ²

How is it, then, that so large consignments can be sent from abroad? The answer is simply that it is done by means of

¹ Pratt, *op. cit.*, p. 178.

² Pratt, *op. cit.*, p. 15. *Cp. Report of Departmental Committee on Railway Rates*, Cd. 2959. 1906.

co-operation. The farmers and even cottagers of a district belong to a co-operative association, which sends round at certain intervals to collect the eggs, washes them, weighs them, grades them, and finally packs them so well that they are rarely broken.

There are other developments of the co-operative principle, the most important of which are the credit banks, to make advances to farmers and small producers, which are well worthy of more than a passing reference. But it is time to notice the remarkable share which the clergy have had in bringing about this state of things on the Continent. This has been due to a deliberate policy on the part of the authorities of the Church of Rome to stem the influence of the Socialistic and anti-religious party abroad. In Belgium, for instance, instruction was given in the seminaries to candidates for the priesthood to equip them to lead the agricultural movement in their parishes. Almost every *curé* became a propagandist for the agricultural associations in his parish. In his book *Les Associations Agricoles en Belgique*, M. Turmann tells how the priest who was "diocesan inspector of agricultural undertaking," went to a co-operative dairy where the machinery had broken down. In a moment the priest saw what was the matter, called for some tools, turned up his cassock, and in a quarter of an hour had started the engine again. "Such men," says he (Turmann), "have their influence; beyond their priestly dignity their technical knowledge inspires respect and confidence." Here is another instance which shows how in the early days of the movement the priests abroad got themselves recognized as its leaders:—

"A Flemish farmer at Goor went one day to the *curé* of the parish, M. l'Abbé Mellaerts, and spoke to him about the poor quality of his wheat crop. The *curé* had studied botany and kindred subjects at his seminary, he had especially followed up the subject of chemical manures, and he had made experiments on his own account in the garden of his house. So he asked the farmer, 'If I tell you of a remedy will you use it?' 'If it is not too dear,' was the reply. When the farmer called again the abbé gave him a sack containing 25 kilogrammes of chemical manure. The farmer was reluctant to take it. He had no confidence in such manure as that because it did not smell strong enough. But he was induced to try it as an

experiment, and he used it to grow some potatoes, with such excellent results that he went to the curé for more. Then several of his neighbours wanted supplies as well. Meanwhile the curé had been reading of what the peasants along the Rhine had done in the way of forming combinations for the joint purchase of agricultural necessities, and he called a conference of members of his flock to consider the adoption of a like scheme for Goor. His parishioners had no great faith in the proposal, but seven of them put their names down as members of a 'Peasants Guild'—just to please him. They soon found, however, that they could get their supplies cheaper and of a better quality through the guild than they could individually, and thereupon more members joined. Within a year the guild consisted of a hundred farmers."

The general result in Belgium has been a greatly increased popularity both of the Church and of the priests, who have shown their will and ability to care not only for the souls but also for the bodies of their flocks. In Italy a similar movement has taken place. We are told that 779 of the 904 village banks in existence in 1897 are due to the Catholic priesthood. The Hungarian clergy were able to claim a further fruit from their efforts in this direction. It was found that since the establishment in the various villages of these agricultural associations and credit banks there had been a marked decrease of drunkenness. The weekly visit to the agricultural institute took the place of the public-house. In no country is the interest livelier than in Austria, where the priests and elementary school teachers are required to enlighten the country people on the benefits of co-operation. Of a similar character have been the efforts of the Abbé Lemire, who has lately become famous in connexion with the French Separation Law, to establish in the *arrondissement* of Hazebrouck various co-operative societies; but their work is of a political rather than commercial character.¹

To come nearer home, in Ireland the revival of agriculture has been to a very large extent the work of the clergy or of religious houses. Sir Horace Plunkett says that:—

"Of the co-operative societies organized by the Irish Agricultural Organization Society, there are no fewer than 331 societies of which

¹ See *Revue des Deux Mondes*, May, 1906, p. 116.

the local priests are chairmen, while to his own knowledge during the summer and autumn of 1902, as many as 50,000 persons from all parts of Ireland were personally conducted over the exhibit of the Department of Agriculture and Technical Instruction of the Cork Exhibition by their local clergy."¹

Commenting on this statement, a recent writer says he believes that at the present time the Irish priests have identified themselves with over 600 of these societies.²

Lastly, in England also something of the same sort has been begun. Thus at Far Forest, near Bewdley in Worcestershire, there is an agricultural society started by the Rev. G. F. Eyre, the vicar of the parish. It works a dairy farm which collects milk from its members, and distributes it to its customers in bottles as sterilized milk, cream, and skim-milk. Mr. Eyre also keeps fowls for sale and show, grows raspberries, and has organized the Far Forest Supply Association, through which the farmers can make purchases on the co-operative principle. He has also started the Far Forest Pure Water Supply Association, to obtain water for the district by means of an artesian well.

Should these examples be imitated? Would it be well to incite the clergy of the English Church to throw themselves into the movement for the revival of agriculture with the ardour which has characterized their brethren of the Roman communion? Mr. Eyre, in an article which he contributed to this *Review* in April, 1902, strongly urges this course.

"Now, I hold that not only can the parson do something, but that he ought to consider this his second duty. Like Jeremiah, who bought a field when the city of Jerusalem was about to fall, he ought to do something to show his confidence in the land. . . . Here, no doubt, some will object that I want to add another training to that already required. I do think that, for a country parson, some such special training before ordination would be most serviceable; for the folk will reason from what they see, and judge of a man's teaching about spiritual things by his knowledge of secular affairs."

¹ Sir H. Plunkett, *Ireland in the New Century*, p. 119.

² O'Riordan, *Catholicity and Progress*, p. 208. The same work gives some remarkable instances of the work which the Roman clergy have done in this direction in Ireland.

There is no doubt that he might do much worse. Here is an ample field for the exertions of those country clergy who complain of the smallness of their cures, and the insufficiency of their work. There are others, again, who from reasons of health are obliged to spend much of their time in the open air, and are compelled to prefer active to sedentary pursuits. Lastly, there are those who have exceptional opportunities or aptitudes for work of this sort, and less distinctive abilities of the pastoral kind. For all these classes of clergy, Mr. Eyre's words will serve as a fitting stimulus. It is, indeed, an enviable lot to be marked out to do the pioneer work which is so much needed in bringing our most backward industry into touch with modern developments. In nine villages out of ten the parson is the only man of education, and the only man receptive of new ideas. If he stands aside from helping in the material as well as the spiritual life of the people, it is certain that no one will take his place. And yet, though all this is admitted, it is hard to acquiesce in so great a diversion of his energies as would be required, if the clergyman is really to make himself an expert in agriculture, as Mr. Eyre desires, and as the Continental clergy have done. After all, it is the essence of "Holy Order" that to be an efficient priest a man must be a specialist in men's souls. The work and prayer and preparation required for this is enough to absorb his whole time in even the smallest cure, if he really has a vocation to the priesthood. It is only to those who have a less distinctively spiritual vocation that the opportunities indicated in this paper seem specially to apply. For them, and for all who are not prevented by higher considerations from engaging in such an enterprise, there is in the work of promoting the agricultural revival a new and thoroughly remunerative field of labour. There is, however, one step which can be pressed upon all the country clergy alike. It is to join that very valuable institution, the Agricultural Organization Society (offices—Dacre Street, Westminster), and to learn from it how to introduce co-operative associations into their parishes.

LAWRENCE PHILLIPS.

NOTES AND MEMORANDA.

MR. L. L. PRICE ON FREE TRADE ASSUMPTIONS.—I. In the course of his paper on "The Fiscal Question" in the April number of the *Economic Review*, Mr. L. L. Price has occasion to comment on a fundamental "illusion" which he detects in my *Riddle of the Tariff*, and in some recent articles in the *Edinburgh Review*. As the criticism which he directs against that illusion raises a question of general interest, I shall venture briefly to examine it. The substance is as follows :—"In order to assist analysis, the formal statement of economic principles, now as in the past, frames and employs the general conception of individuals competing unrestrictedly; and, if freedom of exchange thus constitute the basis on which the theoretical reasoning of the expositor is made to rest, we should expect that his conclusions, so far from conflicting with free trade, would justify the adoption of that fiscal policy. . . . Starting with this implied assumption, logical consistency leads necessarily to the correlative conclusion, and any other consequence would indicate a flaw in the reasoning process; but the conclusion is warranted because it was implicit in the premiss, and from the reasoning process itself derives no further guarantee of truth. . . ." [Certain persons, however, including myself] "are disposed to think that what has really been assumed for theoretical convenience has been actually established. They do not discern that they have virtually been 'arguing in a circle'" (p. 142).

This reasoning can be answered conveniently under three heads.

(1) Suppose it to be true, as Mr. Price suggests, that the argument for free trade is based on "the general conception of individuals competing unrestrictedly." The conclusion that free trade is good policy is *not* contained in this premiss. On the contrary, as Sidgwick and many others have observed, cases are easily conceived in which both this premiss is realized and free trade is bad policy. There is no "flaw in the reasoning process" by which that economic commonplace is established. Indeed, if I remember rightly, it is one upon which Mr. Price himself has not infrequently insisted.

(2) The obvious character of this conclusion suggests that the criticism quoted above has been interpreted wrongly. Can it mean

that the assumption of "individuals competing unrestrictedly" is identical with the assumption of "freedom of exchange," that this is identical with free trade, and that, therefore, the argument for free trade assumes *ab initio* that free trade exists? If this is the meaning, it may be replied, first, that the argument does not assume that free trade exists; and, secondly, that, if it did, "logical consistency" would not require us to conclude that free trade was a good thing. On the contrary, the positive premiss would be wholly irrelevant to the ethical conclusion.

(3) Perhaps, however, Mr. Price's real point is that the assumption of individuals competing freely is not realized in practice, and that, therefore, so far as free traders base their arguments upon it, their conclusions are suspect. If he intends this, his reference to "arguing in a circle" needs to be deleted. To "argue in a circle" and to argue from false premisses are, indeed, both blunders, but they are not the same blunder. Let it be supposed that the second is the charge by which he elects ultimately to stand. The reply is twofold. First, in many cases the above assumption is approximately realized in practice—at all events from a long-period point of view. Secondly, in those cases—and they are, of course, both numerous and important—where the assumption is not approximately realized, rational free traders do not employ it. For it is not true, as Mr. Price suggests, and I have so far tacitly admitted, that modern analysis confines itself to that assumption. On the contrary, mathematical writers, and others who are not mathematical, have carried through elaborate investigations upon the entirely different assumptions of monopoly and partial monopoly. Where these assumptions are realized in practice, investigators naturally posit them in theory. No doubt, many people make mistakes and employ assumptions inappropriate to the problem in hand. But if it is specific errors of this kind that Mr. Price has in mind, he may surely be asked to cite them. His charge, as it stands, is that the argument for free trade stated by me and by the author of the *Edinburgh* articles necessarily rests on the assumption of unrestricted competition, because that is the only assumption available. I have shown that it is not the only assumption; and I may add that, in the very writings which Mr. Price is criticizing, it is several times explicitly abandoned, and that of monopoly substituted for it.

The necessary brevity of these comments has led, I fear, to some stringency in their form. For this I ask indulgence. They are submitted, it need hardly be said, with the deference that is due to Mr. Price's high authority.

A. C. PIGOU.

II. By the kindness of the editors I have seen the criticisms of Mr. Pigou on my article, and have been given an opportunity of replying thereto. With some hesitation I avail myself of the offer, for I am not sanguine that by fuller explanation of an argument, necessarily stated with brevity in the course of a paragraph or two contained in an article of excessive length, I can, without encroaching again unduly on the courtesy of the editors, carry conviction to the mind of my peremptory critic. I am sorry that my views on the special point, to which his animadversions have been directed, were expressed originally with such ambiguity that he has been impelled to devise three interpretations of my meaning, all of which, as I understand, he forthwith dismisses as untenable. My language must indeed have been clumsy or careless, as, in spite of the pains which he has bestowed now on its elucidation, Mr. Pigou appears to me, even in his second version, which approximates more closely than the other two to my meaning, to have failed to appreciate the purport of my reasoning.

I feel an initial difficulty in dealing with this particular criticism, because I cannot be sure that he is not using "free trade" in a more narrow technical signification than I should wish to be understood, and I am certain that he places a more special and formal connotation upon the epithet "good" than I should be prepared to accept. This, however, is perhaps only another illustration of a doubt which I entertain, rightly or wrongly, with respect to the validity and pertinence of the general methods of reasoning employed by Mr. Pigou, and by others who share his views, in the discussion of the fiscal controversy; and here I will merely repeat the expression of my belief that obstacles, which are perhaps insuperable, confront the attempt to fit the rough, awkward facts of actual life to the refined terminology and precise sharp-cut formulæ of elaborate theory. I cannot, however, discover that I myself have said anything in my article which implies an "ethical" conclusion on the question of fiscal policy,¹ and the epithet "good" is certainly not to be found in the passage quoted by Mr. Pigou as the text for his criticism. As he has brought the term into the discussion, I may perhaps suggest to him that, while the employment of the attribute "good" does undoubtedly signify that the "thing" thus described meets with the approbation of the describer, that approval may conceivably be bestowed on other than ethical grounds. I myself am disposed to think that the epithet "sound," which is not unfrequently used for controversial purposes, and, amongst others, I believe, by Mr. Pigou himself, carries often no

¹ Possibly the word "justify" has misled Mr. Pigou.

more real argumentative weight than such as is lent to it by the personal approbation of the individual who applies it ; but I should not suppose that "sound" could be understood only in the physiological sense in which we speak of a "sound" constitution. Similarly, it is surely possible to conceive that a "thing" may be "good" economically ; and with that concession the cogency of the antithesis which Mr. Pigou has gratuitously imported suffers, in my judgment, appreciable diminution.

The first of the two answers, which Mr. Pigou has made here to what he believes to be a possible, if absurd, interpretation of my argument, is, as it stands, merely the dogmatic assertion of a negative. I suspect that, if he were pressed for a fuller explanation, he would be found to be using "free trade," like the epithet "good," in a narrow technical sense. I do not deny that this use may be more legitimate than the restricted significance, which, contrary to common parlance, he places upon the attribute "good." But, as I hope to show, he thus misses the very point of my argument.

I would, however, refer briefly, in passing, to the other two possible interpretations, even more remote, as I consider, from my real intentions, which Mr. Pigou has suggested. In both cases he seems to me to have given an expansion which was not warranted by my language to the epithet "general," and to argue as if I had employed the very different expression "universal." I selected the epithet "general," which was amply sufficient for my argument ; and I remain of the opinion that the action of monopoly is still regarded by economists, engaged in the formal exposition of principles, as an exceptional departure from the normal rule of individual competition, requiring indeed fuller recognition than that given to its discussion in the older treatises, but even now perhaps not admitted to so prominent a place as the outstanding facts of business life may demand. I myself believe that a far greater reconstruction of economic theory than has hitherto been accomplished may be necessitated in the near future by the increasing dominance of various forms of combination. I have given myself the pleasure of reading again Mr. Pigou's *Riddle of the Tariff* since I saw his criticisms, and I have failed to discover much reference to the assumption of the presence and action of monopoly in the theoretical argument of that persuasive brochure ; nor have I, in fact, found it bulking so largely as my recollection had led me to expect in those articles in the *Edinburgh Review*, to which I have referred. But I would not for a moment deny that economists, and, in an especial degree, mathematical economists, including distinguished representatives of that class like Mr. Pigou himself, have

lately been turning their attention more frequently, with great profit to the instruction of their readers, to the study of monopoly and combination ; and I cannot see that this admission conflicts in any way with the declaration, to which I adhere, that the "formal statement of economic principles, now as in the past, frames and employs the *general*¹ conception of individuals competing unrestrictedly."

I can only add summarily, with regard to Mr. Pigou's first interpretation, that free trade may conceivably be held "generally" to be "good" policy, economically viewed, even if Sidgwick and others, including myself, as Mr. Pigou does me the compliment to remark, have observed that cases may also easily be conceived where, with individuals competing unrestrictedly, free trade becomes "bad" policy. For those instances may be regarded as exceptional without disturbing a general presumption. Here once again Mr. Pigou, without warrant from me, has, in effect, expanded my term "general" into the far larger term "universal," which he has tacitly substituted.

But after all, as Mr. Pigou perceives, though not very readily, in his second version of my argument, I desired to lay the stress of my emphasis on the epithet, or rather on the idea underlying the epithet, "unrestricted." I am afraid that when my meaning is nakedly stated it may appear so obvious a "commonplace" that Mr. Pigou, in his search for technical distinctions and sharp dilemmas, may accidentally have overlooked it. I remain nevertheless of the conviction that "arguing in a circle" does result from a "subtle illusion" engendered in the minds of able thinkers by the assumptions with which they commonly commence their economic reasoning. My contention is that, as economists *generally* adopt as the starting-point of their expositions of principles the assumption of the prevalence of what is described as "free enterprise," they necessarily come to the consideration of fiscal policy with a prepossession in favour of "free trade." And, when they apply arguments taken from their general exposition to the particular department of international bargaining, the beneficial consequences which appear to attend the recognition of "freedom" in the practice of international trade accord with the logical conclusions of their theoretical reasoning, *in some degree at least*, because "freedom" has itself been a postulate with which that reasoning has begun.

I do not wish to press this contention beyond what appear to me to be its legitimate bounds ; and, therefore, I merely desire to urge that the broad idea of "freedom" is common to the general conception with which economists begin their statement of principles, and to the

¹ The italics are new.

theoretical reasons usually alleged in support of a fiscal policy of free trade. It is not necessary to my argument to regard the existence of "free trade" in the technical sense of international bargaining, unhindered and unaided by governmental action in the matter of taxation, as implied in that assumption of individuals competing *unrestrictedly* with which economic reasoning generally starts, but it is necessary to suppose, as I should have thought, in common with most if not all economists, that "free enterprise" comprises not merely freedom to produce goods, but freedom to exchange those goods when produced. In that sense and to that degree I contend that there is "freedom" implicit in the very beginnings of economic reasoning, and I should accordingly be surprised if in its ultimate outcome that reasoning did not favour "freedom" generally in international trade as elsewhere. This, and no more and no less, is what I intended to convey by my statement that "if freedom of exchange thus constitute the basis on which the theoretical reasoning of the expositor is made to rest, we should expect that his conclusions, so far from conflicting with free trade, would justify the adoption of that fiscal policy."

When Mr. Pigou replies with the dogmatic assertion that the argument for free trade does not assume that free trade already exists, I can only answer that his unsupported negative may be true, if free trade be used in a narrow technical sense, but I cannot believe that he would maintain either that the prevalence of free enterprise was not a general fundamental assumption with expositors of economic principles, from the opening to the concluding pages of their treatises, or that "freedom of exchange" was not usually implicit in the conception of "free enterprise." If he still withholds an affirmative answer, I would, if he will permit me, reciprocate his criticism and ask him to explain the true significance of the following passages. They are taken from the *Riddle of the Tariff*, and the privilege of interrogating the author is now open to me. To the anonymous writer of the articles in the *Edinburgh Review* I cannot address a similarly direct question, although I may think that, as that writer quotes from Mr. Pigou, and Mr. Pigou in his criticisms on me avows, if I understand him aright, his concurrence with the general views expressed in those articles, they are not entirely out of sympathy with one another, and it would be possible, I believe, to discover in those articles passages of a similar purport to these which I shall quote from the *Riddle of the Tariff*.

Mr. Pigou argues in that book,¹ that if a tax were imposed on

¹ Page 20.

"imported manufactures" in lieu of the "tea duty" there "would be a further loss arising from the fact that industry would be diverted from its *natural*¹ course." What does he mean here by the epithet "natural"? Am I not right in supposing that in essentials it rests on the very same conception as that which underlies the sentence which follows shortly afterwards:—"Capital and labour," he there says, "may be presumed in a country, *where enterprise is free*,¹ to gravitate towards different occupations in such relative quantities as to yield, directly and indirectly, a greater amount of desired commodities than could be produced under any other arrangement." What, I ask again, is the real ground of this presumption? Is it conceived by Mr. Pigou to be any other than a deduction from an economic reasoning which postulates "free enterprise" as the starting-point of its systematic argument; and does not "free enterprise" involve here implicitly "freedom of exchange" of the commodities produced by the free enterprisers? Lastly, when Mr. Pigou contends,² in opposition to Professor Ashley, that the argument that protection attracts fresh capital is confuted by "analysis" which cannot be upset by adducing particular instances to the contrary, may I address to him with due humility a request to lay bare the foundations of the "general reasoning" which is apparently prepared to dismiss finally as futile and irrelevant any contradictions to its absolute conclusions which may be furnished by awkward facts? I suspect that the work, if undertaken by Mr. Pigou, would not progress very far without arriving at the assumption of "individuals competing freely," and, withal, exchanging their products freely with one another. If such a condition of affairs be regarded as "natural," it is hardly possible for the consistent reasoner to avoid the conclusion that the directing or controlling influence of government in international as in other trade is "unnatural," and consequently that protection must be injurious. The conclusion is in fact implicit in the premiss with which the reasoning starts, and that seems to me to bear some resemblance to the process of "arguing in a circle."

L. L. PRICE.

THE "SOCIETÀ UMANITARIA" OF MILAN.—The north of Italy has become a veritable beehive of activity in matters of social reform, the variety and originality of which cannot fail to command interest. More particularly is such activity to be observed in progress at Milan, Bologna, and Cremona. The Roman Catholics, developing their own peculiar institutions under the special benison of Pio X., have Bergamo,

¹ The italics are my own.

² Page 31.

Treviso, and Parma for their main centres. The Government, to do it justice, stimulates the benevolence shown by individuals and societies by resolutely refusing to reduce taxation or lower its customs tariff, so that no method of relief is left except that of private philanthropy. On such, it is quite true, the Government freely bestows the encouragement of visible sympathy, taking the shape (for "non-Catholics") of subventions and exemptions, which do not, however, in money value, come up to the amount which we should probably give by relief from taxation.

The Società Umanitaria is not by any means newly "formed." Capital endowment was provided for it by a wealthy philanthropist, of the name of Prospero Noide Lorial, who appointed it his sole heir of a fortune exceeding £400,000, as long ago as 1892. However, first the will was challenged. Then, after lengthy proceedings, came General A. Bava's rule of martial law and of terror, to which the Società Umanitaria, like other useful bodies, fell an innocent victim. It had done nothing wrong. However, the general's eagle eye espied one or two declared Socialists on its governing body, which was quite enough to determine him to exceed his legal powers—as the Senate has since decided—and wind up the philanthropic institution. By such means the beginning of the society's work, which was very badly wanted in Milan, was delayed a full decade.

The scope of the society's work is limited to the raising of the labouring classes; but within such limits it is allowed absolute latitude, and with substantial funds at its disposal it purposely studies variety, in order, if possible, by a multitude of divers relieving operations, to bring home its benefits to all points where help may be required. It is not merely a "pious foundation," but a living organism, with thousands of members. Any one may become so by engaging to pay a lira per annum. And the members elect two-thirds of the council (that is, ten out of fifteen) and have a voice in the proceedings. At the present moment the most visible outward sign of the Society's activity is the construction of some large blocks of model artisans' dwellings, which are being set up at a cost of about £80,000, and are to provide house-room for 700 families. This is intended as the nucleus of a much larger "working-men's quarter" outside the Porta Macello, which is to be gay with gardens, bright and airy, healthy and comfortable. The society has also tackled the question of the unemployed, convened an international congress to discuss the question in September, and started—horrible as it sounds—a "workhouse" of its own. That borrowed name, fortunately, is misleading. In character the institution is rather a "labour colony" of the German type adapted to urban surroundings.

There are also a Labour Bureau and an Information Department, for both of which there is much scope. And on the top of these institutions the society possesses its own Labour Department, the good quality of whose work is attested by the fact that the Government, when instituting its own imperial Labour Department, requisitioned from it its experienced chief, Professor Montemartini, to serve in the same capacity at Rome. There are evening schools and a popular university, both for working-men; a college of "arts and crafts," and a college "del Libro," the practical instruction given in which relates to all that goes to produce books, above all things, of course, printing. (Some of these educational institutions belong to the town, but are liberally subsidized by the society.) There is a public library with already 18,000 or 20,000 volumes. This is to be enlarged, and other libraries are to be formed. The work benefiting the rural districts is for the most part still to come. But it is by no means forgotten.

Beyond this, the society has wisely from a very early moment directed its attention to that home migration and temporary migration for certain descriptions of work into foreign countries, which stand for a good deal in Italian working men's life. It has issued useful "guides" for working folk going into Switzerland, France, and Austria, and assists such folk with information and advice. It also advises working men when negotiating their labour contracts. At home it prevents injudicious removal to districts already fully occupied, and directs people to the proper places, so as to keep employment and wages steady everywhere. One of its most useful occupations is that of the collection and publication of trustworthy information on movements and questions affecting the working classes. From this department valuable publications have been issued, some of which—as, for instance, one relating to the employment of children in ricefields—I have already noticed in these pages. That publication, based upon an inquiry conducted by the director of the society, has led to a material improvement in the conditions of employment. A book more recently issued tells the tale of the agricultural labourers' strikes in the Mantovano, and shows what were their causes. M. Giolitti, when Minister of the Interior, has publicly declared these strikes to have been justified. Other publications deal with questions of public health and certain classes of employment, such as the furniture trade, which gives employment to thousands of hands in Lombardy, working mainly in their own homes, which makes them an easy prey to sweaters; and the shoemaking trade in Milan, which has likewise passed through troublous times. Such matters as housing, strikes, wages, and unemployment figure largely among the products of the department's press.

Lastly, to be brief, the Society has contributed very generously towards the endowment of a most useful "Institution of Credit" for co-operative societies, which is also a savings bank, and which has already done a great deal to support and develop self-employment by means of productive and labour societies. Thus it is due to its assistance that about a thousand men now find employment for about two years together on a new railway, from Reggio to Ciano, which has been taken over in contract entirely by co-operative societies. It is probably the first line entrusted to societies of working men. The help given by the Credit Institution has likewise enabled co-operative labour societies to take large contracts for the execution of the new harbour works in the port of Genoa. In fact the service rendered to labour by the "Institution of Credit," created for this particular purpose, has been found so useful that a second establishment of the same kind has, with substantial help from the first, been recently set up at Reggio in Emilia. Our British co-operators have a great deal indeed to learn from their brethren in northern Italy, who, as it happens, are "collectivists" in the strongest sense of the term, which shows that Manchester prejudice against co-operative production is not to be justified on the ground which is so habitually put forward, that is, of its being "anti-collectivist."

HENRY W. WOLFF.

CENTRAL PUBLIC-HOUSE TRUST ASSOCIATION.—The following particulars are gathered from the Report issued in May, 1906. During the past year the Association has been chiefly concerned with internal changes in its organization. A deficit of £1500 has been wiped off, and the expenses of management have been greatly reduced. The office expenses alone have been reduced from £1000 to £350 a year. Steps have been taken to bring the Central Association into closer touch with the local Trust companies, making it a sort of federal body, representative of all others in the country; this will do much to strengthen and consolidate the movement.

Now let the Report speak for itself:—

"The number of Trust companies in the United Kingdom is now 38; namely, 33 in England and Wales, 1 in Ireland, 4 in Scotland. Additional Trust companies are being formed for Shropshire, and Leicestershire and Rutland. The number of public-houses under Trust management, including those controlled by private persons or local societies on Trust lines, is 206.

"The Trust companies whose latest Reports announce the payment of dividends are those for Cambridgeshire, Huntingdonshire and the

Isle of Ely, Cheshire, Lincolnshire, Sheffield, Northumberland, Durham and North Yorkshire, East of Scotland, Glasgow District, and Renfrewshire. The People Refreshment House Association has declared a 5 per cent. dividend for nine years in succession. Most of the remaining companies show a net profit on the year's working, but have not yet reached the dividend-paying stage.

"In Trust management the disposal of the surplus profit is an important and, in some aspects, a difficult question. The directors of the Trust agree with the Scottish Public-House Trust Association in holding that no house should be considered a 'Trust house' unless the profits are made over to trustees who are independent of the directors and shareholders. They further feel that it is an essential part of the system that such profits should be spent on counter attractions to the public-house. The money should be spent neither upon things which the community can easily supply for itself, nor on objects the expense of which would fall on the rates. The first experiment in counter attractions of any magnitude which the trustees charged with the distribution of the surplus profits of the Trust have attempted is at Glencraig, in Fifeshire. Here they have built the first portion of an Institute, consisting of a reading-room, library, billiard-room, etc. The cost has been about £900. This outlay, however, has been amply justified.

"A writer in the *Sheffield Independent* thus describes a visit he paid to a public-house under the management of the Sheffield Trust Company:—

"The George the Fourth Inn is situated in the centre of a working-class neighbourhood, and it is the working-class drinker in whose interests the constructive temperance reformer professes to exert his strongest endeavours. The best token of the success of this house is the enlargement of the kitchen and the extension of the arrangements for cooking which have been rendered necessary by the increased demand on the part of the working-class *clientèle* for meals and for warming drinks.

"It is now the daily custom of the house to serve at least 20 dinners, and there is a strong demand for tea, coffee, and cocoa, and for bovril. In an ordinary house a man would scarcely dream of asking for a cup of cocoa. Indeed, it would be scarcely possible to obtain such a drink. At the George the Fourth the luxury of a steaming cup of meat extract has been highly esteemed during the winter months, and there is every reason to believe that many a man who would otherwise spend his money on a glass of beer has changed his mind in view of the opportunity thus presented to him, and has ordered instead something

which would serve for food as well as for drink, and which would certainly not excite him into a period of intemperance.

“‘It is in such a house as the George the Fourth that the results of the working of constructive temperance reform can be best examined.’

“The managing director of the Hertfordshire Public-House Trust Company sends the following report on the company’s work:—

“‘The result of the year’s working shows a gratifying increase in the sale of non-alcoholics in proportion to the total trade, especially at those houses which depend largely for their trade on the travelling public. At one of the houses, indeed, the sale of alcoholics is almost a negligible quantity, although the fact of being able to supply every want is no doubt an important factor in bringing customers to our houses. At most of the houses there are billiard tables, as well as bowling greens, skittle alleys, or quoit pitches. Games of all kinds, indoor and outdoor, are encouraged, and this has in every case resulted, in the opinion of the directors, in considerably decreased drinking per head, and has not led to gambling of any kind. Newspapers and periodicals are also provided at most of the houses.

“‘The directors have watched most carefully the effect of the introduction of these new elements, and feel more than justified by the successful results obtained. These, of course, are due mainly to the tact and discretion shown by the managers.

“‘One of the most cogent arguments in favour of the Trust system is that it provides what is practically continuity of management.

“‘The directors have found it of advantage to place their managers at commencement in the smaller houses, and let them gain promotion by worth and ability to larger and more important houses with increasing salaries, and thus become gradually inculcated with Trust principles and methods.’”

Many more such extracts might be given from the Report, all tending to prove that wherever the system is adopted and carefully persevered with, the habits of the people improve, the sale of non-alcoholics increases in many cases, the money spent on counter attractions is justified, temperance is promoted, and the general welfare of the community advanced.

OSBERT MORDAUNT.

THE “DAILY NEWS” EXHIBITION OF SWEATED INDUSTRIES.—The long list of the “shows” which, as usual, compete for the jaded Londoner’s attention during the month of May has this year been swelled by the attraction of a practical demonstration in social economics. The (small) Queen’s Hall has been set apart for an exhibition

of the products of certain home industries, with explanatory notes analyzing the rate of pay, hours of work, deductions for material, and average earnings. For some industries workers have even been retained to do their work before the public. This last feature caused misgiving in some minds, but it may be at once conceded that the demonstration has been arranged with the utmost tact, and sensationalism carefully avoided, save in the case of the rather grotesque poster which has been used for advertising the exhibition. It is necessary, however, to remember that the work shown at the Queen's Hall gives no idea whatever of the conditions of home work done (as often happens) in the room where the worker sleeps, cooks, washes, and eats ; and that, from the very nature of the case, the most objectionable industries, such as fur-pulling, cannot be shown at all. One lesson, however, may be learnt from seeing some of the workers at work, and that is, that it is an error to suppose, as some of us may have done, that sweated industries are merely the last resort of the inefficient and unskilled. The artificial flower-making, to mention one instance only, is clear proof that workers of considerable artistic skill may be as grossly sweated as, and perhaps, considering their powers, even more so than, the mere makers of match-boxes and such-like.

What is to be the outcome of this ocular demonstration of evils already pretty well known to a few, and now pressed home to the attention of the general public ? It is evident that home work is an evil ; it is also evident that it is an evil that cannot be got rid of altogether, as long as there are poor persons who have to earn their living and are kept at home by domestic ties. Registration and inspection of dwellings where home work is carried on is urgently needed, partly as a guarantee to the consumer that the articles he purchases have not been manufactured in dirty and unhealthy premises, partly in order to check the receipt of high rents from dilapidated and unsuitable premises. Child-labour must be checked and reduced in every direction. Doubtless the temptation to the hard-pressed mother to set the children to increase the amount produced by the family is almost overwhelming ; but it should be remembered that the practice constantly tends to lower the rate of pay, and that in the interest of the workers it is essential to impose a check. The root of the matter remains the problem of wages. Improvement of sanitation and so forth is, after all, very cold comfort to those whose earnings do not bring them enough to eat, or enable them to clothe and warm themselves. It can hardly be doubted that we shall be at length driven to legislate for the wages in sweated trades. By some means or other the employer or contractor should be made responsible for the payment of piece-rates

calculated on the basis of yielding a living wage for the hours as worked in non-textile factories and workshops, and allowance should be made for loss of time in carrying work to and fro. Individual action will probably never secure this desideratum, in default of the pressure which the corporate community can alone bring to bear. This subject is discussed by Mr. Chiozza-Money in an article entitled "Legislation and the Sweater," in the exhibition handbook, p. 26. Mr. Money advocates wages boards following the lines of those adopted in Victoria, Australia. It is a question, however, whether the methods initiated by Mr. Pember Reeves in New Zealand, which have been found very useful, not only for the settlement of labour disputes, but also for the prevention of sweating, would not be more suitable for the circumstances and the class of workers who are here most prone to be oppressed and underpaid, than the Victorian wages boards. For a full discussion of this subject, I may refer to Mr. Reeves's *State Experiments in Australia and New Zealand*, especially the opening chapter of the second volume, which should be carefully studied by all enemies of sweating.

The handbook of the exhibition would have gained by more careful proof-correction, but it contains most valuable and interesting articles, especially some by Mrs. Macdonald and Miss Black.

B. L. HUTCHINS.

NOTES ON CURRENT REVIEWS.—*The Political Science Quarterly* for March last contains an interesting description, by Mr. C. H. Hartshorne, of the government of Nottingham, compared with that of similar towns in the United States. Mr. P. Allen contributes a useful account and criticism of the methods of conducting the ballot in several American states. Professor Stickney's article in the same issue on the "Regulation of Railway Rates" will appeal to those who are interested in this complicated subject.

The Journal of Political Economy for February contains a full and most readable account, by E. D. Howard, of the condition of the German working classes, and also very concise and useful notes, by S. P. Breckenridge and E. P. Mies, on the conditions under which women may be employed in industries in the United States. Professor Laughlin contributes to the March number a valuable criticism of the attitude of American trade unions towards the wages question. He concludes that at the present time the unions stand in the way of any real advance in wages.

Mr. Paul Ghio has a notable study of Italian migration in the March issue of the *Journal des Économistes*. He contends that the

pressure of population on subsistence, especially in central Italy, together with land taxation and a heavy protective tariff, is driving emigrants to colonies in South America and Northern Africa, where they are rapidly becoming the principal element in the populations.

The Annals of the American Academy for January is devoted to municipal ownership. The conditions of the problem in many countries are clearly stated, and the different methods adopted for solution are described. The sections on the American cities are especially good, more particularly that dealing with Chicago.

Dr. B. Weyl gives in *The Bulletin of the Bureau of Labor* (U.S.A.) for November, 1905, an interesting and detailed report on labour conditions in Porto Rico, where the present state of things is most depressing.

The *Revue Économique Internationale* for 1906 contains an article by M. Albert Métin on industrial Japan, which reads like a University Extension lecture on the evils of the Industrial Revolution in England. The working day for women is sometimes seventeen hours. The match and cigarette factories (and matches are an important product in Japan, which supplies the whole Eastern world) employ children of nine and less years of age. Infants of six and even four are sometimes found in the match factories.

The *Révue d'Économie Politique* for March discusses "La Dernière Évolution Doctrinale de Socialisme," and concludes that the new socialism is purely economic, and that the period of utopian imaginings has passed away. The article on "La Bienfaisance au Point de Vue Sociologique," in the same number, undertakes to show that organized philanthropy is more efficacious in dealing with poverty than legal charity or private benevolence. Neither of these propositions will be startlingly new to readers of the *Economic Review*.

HOME INDUSTRIES OF WOMEN IN LONDON.—The continuance of *The Women's Industrial News*¹ under the hopeful auspices of its new editorship, is certainly a matter for congratulation. No other publication, perhaps, gives so concise and up-to-date a view of the chief organized forces at work in the field of women's industrial life. A wise catholicity of sympathy secures the inclusion of foreign literature among the reviews given, and also some account of Colonial and Continental experiments in matters social and industrial. The addition of an index to the last quarterly number, though only a small

¹ Published quarterly by the Women's Industrial Council, John Street, Adelphi, W.C. Price 1s. 6d. per annum.

matter, would confer a benefit on those subscribers who bind their "news" for future reference.

Among the activities initiated by the society responsible for this magazine, none are of more importance than the inquiries conducted by its members into the conditions of the various women's trades. The latest of these is embodied in Miss Black's excellent articles on the "London Tailoresses." Another page of more than passing interest is that on the institution of the first Day Trade School for girls in London, the pioneer, it is hoped, of many others.

The attempts of the Women's Industrial Council to secure the inclusion of women in the benefits of the funds for the unemployed are rather melancholy reading in view of the small results obtained, but the difficulties are of course equally obvious.

STATISTICAL NOTES.

TREASURY RETURNS.—(i.) *British*.—The condition of the national revenue to June 2, 1906, is very satisfactory. The 1*d.* reduction in the tea duty from May 14 has not yet depressed customs, the receipts to date being £350,000 above those for the equivalent period in 1905–6. The total revenue to date exceeds that of 1905–6 by over £500,000. On the other hand, the expenditure is over £800,000 less. The net surplus to date over the equivalent period of 1905–6 is thus £1,300,000.

It may be useful to summarize the final position attained by the fiscal year 1905–6, the complete figures of which are now available.

I. BRITISH TREASURY RECEIPTS, 1905–6.

								£
Estimated	..	..	..	..	..	..	..	142,454,000
Actual	..	..	..	..	..	..	..	143,978,000
								<hr/>
Excess of receipts over estimate	..	..	..	..	..	..	..	£1,524,000

II. BRITISH TREASURY EXPENDITURE, 1905–6.

								£
Estimated	..	..	..	..	..	..	..	142,084,000
Actual	..	..	..	..	..	..	..	140,512,000
								<hr/>
Diminution of expenditure below estimate	..	..	..	..	..	..	..	£1,572,000

III. BRITISH TREASURY SURPLUS, 1905–6.

								£
Actual receipts	..	..	..	..	..	..	..	143,978,000
Actual expenditure	..	..	..	..	..	..	..	140,512,000
								<hr/>
Realized surplus	..	..	..	..	..	..	..	£3,466,000

This sum, according to law, was allocated to the redemption of the National Debt.

The estimates for 1906–7 are as follows :—

IV. ESTIMATED BRITISH TREASURY SURPLUS, 1906–7, WITHOUT FISCAL CHANGES.

								£
Estimated receipts (changes not reckoned)	..	..	..	..	..	..	..	144,860,000
„ expenditure „ „	..	..	..	..	..	..	..	141,786,000
								<hr/>
Estimated surplus before changes	..	..	..	..	..	..	..	£3,074,000

The fiscal changes to be made for 1906–7 are as follows :—

V. BRITISH FISCAL CHANGES, 1906-7.

	Reduction. £
1. Tea duty. Reduced as from May 14, 1906, from 6d. to 5d. per lb.	1,000,000
2. Coal export duty. Repealed as from November 1, 1906	1,000,000
3. Strip tobacco duty. Reduced as from May 21, 1906, from 3d. to ½d. per lb.	—
4. National Debt. Additional grant to Sinking Fund	500,000
5. Parcel post. Minor reductions on heavy parcels	105,000
6. Necessitous school districts. Grant	135,000
Total effect of changes	£2,740,000

The effect of these changes on the estimated surplus of £3,074,000 is to reduce it to £334,000, as shown by the following table :—

VI. ESTIMATED BRITISH TREASURY SURPLUS, 1906-7, WITH FISCAL CHANGES.

	£
Estimated receipts (changes reckoned)	142,755,000
„ expenditure	142,421,000
Estimated surplus after changes	£334,000

British (Boer) War Charges.—The British fiscal changes for 1906-7 slightly reduce the special annual charges imposed during the period of the South African war (1899-1902), but it is as well to maintain a firm grasp of the magnitude of the reductions yet to be made, before the British Exchequer returns to the position it occupied before the Boers crossed the Natal Frontier.

VII. BRITISH (BOER) WAR CHARGES FOR 1906-7.

Item.	Increase.	Annual charge repealed.	Date.	Annual charge still enforced (approximate).
		£		£
1. Income Tax per £ (raised April 6, 1900)	4d.	Nil	—	10,250,000
2. Beer and spirit duties—				
(a) Beer per barrel (raised March 6, 1900)	1s.	Nil	—	1,650,000
(b) Spirits per gallon (raised March 6, 1900)	6d.	Nil	—	1,000,000
3. Tobacco duties per lb. (raised March 6, 1900; April 20, 1904 ¹)	Various	Nil	—	2,000,000
4. Coal export duty per ton (imposed April 19, 1901)	1s.	1,000,000	{ Repealed Nov. 1, 1906 }	1,000,000 ²
5. Sugar import duty per cwt. (imposed April 19, 1901)	Various	Nil	—	6,100,000
6. Tea duty per lb. (raised March 6, 1900)	2d.	1,000,000	{ Reduced 6d. to 5d., May 14, 1906 }	1,000,000
Total war charges enforced 1906-7				£23,000,000

¹ These increases, made after the war, are yet war charges, as they are necessary

(ii.) *American*.—The deficit in the Washington Treasury has now entirely disappeared, and is replaced by a small surplus. The expenditures in 1905–6 for the first ten months (July to April) of the American financial year were less than the receipts by \$4,031,000. This is a great improvement over the same ten months in 1904–5, when there was a deficit amounting to \$33,690,000. The improvement has resulted from a large increase in receipts (+ \$40,000,000), the disbursements being in fact slightly higher than in 1904–5 (+ \$2,000,000). The great increase is in customs revenue, which has grown in a most remarkable fashion, i.e. from \$219,836,000 to \$251,220,000—an increase of \$31,384,000. The total American imports have increased in value during the ten months ending April 30 from \$934,540,000 to \$1,020,882,000, but of this total nearly one half is free of duty. The dutiable imports have increased from \$495,911,000 to \$562,579,000—an increase of \$66,668,000. The increased duty of \$31,384,000 has been collected on an increased value of dutiable imports of \$66,668,000, or nearly 50 per cent. (!). This proportion suggests that the American customs are being more closely looked after than formerly, which is all to the good. The restoration of the Washington Treasury to a position of financial equilibrium tends to strengthen the hands of those opposed to any material change in the existing fiscal policy of the States.

THE NATIONAL DEBTS.—(i.) *British*.—The following table gives the growth in the British National Debt due to the Boer war :—

VIII. AGGREGATE GROSS LIABILITIES OF THE UNITED KINGDOM.

								£
March 31, 1896	..	..	..	..	..	..	..	652,286,366
„ 1897	..	..	..	..	..	..	..	645,171,525
„ 1898	..	..	..	..	..	..	..	638,817,507
„ 1899 (lowest point)	..	..	..	..	..	..	..	635,393,734
War declared.								
„ 1900	..	..	..	..	..	..	..	638,919,931
„ 1901	..	..	..	..	..	..	..	703,934,349
„ 1902	..	..	..	..	..	..	..	765,215,653
„ 1903	..	..	..	..	..	..	..	798,349,190
„ 1904	..	..	..	..	..	..	..	794,498,100
„ 1905	..	..	..	..	..	..	..	798,736,491
„ 1906	..	..	..	..	..	..	..	788,990,000
„ 1907 (estimate)	..	..	..	..	..	..	..	780,000,000
Increase of liabilities from 1899 to 1906								£153,596,266

To state this sum, however, in this bald fashion, as is sometimes to help liquidate the increased charges for interest and sinking fund in the enlarged National Debt.

* The annual receipts from this duty are estimated to produce £2,000,000 per annum. £1,000,000 will be removed during 1906–7, but the remaining £1,000,000 will be enforced till 1907–8.

done by financial journals, is scarcely fair. Concurrently with the war debt there has grown up another debt, which is included among the total of aggregate gross liabilities given above. This minor debt, which might properly be termed a "works" debt, accounts for £41,664,382 out of the £796,736,491 debt of 1905, and for this expenditure the nation is in possession of substantial benefits. These include, for example, the great naval works at Gibraltar, Dover, Simon's Town, and elsewhere, which have greatly added to the defensive force of the empire; the similar military works, which should have done much to improve the accommodation for the troops; and a capital expenditure of £4,018,533 on telegraph cables and wires. The item, moreover, includes the cost of other imperial works of a semi-commercial nature, such as the Pacific cable, which cost £2,000,000, and the Uganda railway, which cost £5,000,000. These are imperial assets whose value cannot wholly be measured by their commercial return (which, by the way, is not published). The only other imperial asset of importance are the Suez Canal shares, which are now estimated to be worth, in market value, £30,857,000. The present Government has decided that this kind of loan expenditure shall cease, and from a purely financial point of view this is perhaps desirable. From an imperial point of view, however, it is most desirable that it should be drastically reformed, but not stopped altogether. It would be manifestly correct to watch very narrowly any growth of the commercially unremunerative expenditure on the defensive forces, and it would be clearly just and right to debit the naval and military authorities with the interest and sinking-fund of the loans already incurred on their behalf. But the position is quite different with reference to commercial undertakings, and in this case expenditure should be encouraged rather than repressed, subject however to the condition that the enterprise is commercially sound, and therefore not likely to involve any charge on the taxpayer.

Turning now to the annual cost of the National Debt to the taxpayers, the annual charges upon this account have been as follows:—

IX. ANNUAL CHARGES DUE TO BRITISH NATIONAL DEBT.

	£		£
1896-7	25,000,000	1902-3	27,282,058
1897-8	25,000,000	1903-4	27,000,000
1898-9	25,000,000	1904-5	27,000,000
1899-1900 ¹	23,216,657	1905-6	28,000,000
1900-1 ¹	19,835,489	1906-7 (estimated)	28,500,000
1901-2 ¹	21,685,532		

Increase in annual charge from 1896-7 to 1906-7 = £3,500,000

¹ The diminution in annual charge during the war period was due to the suspension of the Sinking Fund. This made the accounts for these years look better than they really were. The effect, however, was only to add to the burden of succeeding years, and this forms one of the reasons for the growth in annual charge subsequent to the war.

(ii.) *American*.—The Washington Government pursues a very conservative policy with reference to the National Debt, by redeeming at a more rapid rate than is the practice in London. It may be useful to place side by side the British and the American debts. It is necessary, however, to observe that the comparison is not wholly equitable, as the separate States in America have each their own debts. Generally speaking, however, the services performed by the British Government roughly resemble those performed by the sister Government at Washington, and the expenditure in both cases is largely of a federal character.

X. BRITISH AND AMERICAN NATIONAL DEBTS—CAPITAL.

			British. £				American. £
1899-1900	..	..	638,919,931	..	..	..	228,394,070
1900-1	..	..	703,934,349	..	..	..	204,411,128
1901-2	..	..	765,215,653	..	..	..	199,890,046
1902-3	..	..	798,349,190	..	..	..	190,664,039
1903-4	..	..	794,498,100	..	..	..	189,429,232
1904-5	..	..	796,736,491	..	..	..	204,096,230

XI. INCREASE OF EXCESS OF BRITISH NATIONAL DEBT OVER AMERICAN NATIONAL DEBT.

							£
1899-1900	..	..	Excess of British debt	..	..	..	410,525,861
1904-5	..	..	"	"	..	..	592,640,261
Change in favour of United States during six years							£182,114,400

It will be interesting to see the effect of this in the form of annual interest.

XII. BRITISH AND AMERICAN NATIONAL DEBTS. ANNUAL INTEREST CHARGES.

			British. £				American. £
1900-1901	..	..	18,818,652	..	..	..	6,142,093
1901-2	..	..	20,855,725	..	..	..	5,678,958
1902-3	..	..	21,926,510	..	..	..	5,266,303
1903-4	..	..	21,286,661	..	..	..	4,984,890
1904-5	..	..	20,253,742	..	..	..	4,984,903

XIII. INCREASE OF EXCESS OF ANNUAL INTEREST CHARGES ON BRITISH NATIONAL DEBT OVER AMERICAN NATIONAL DEBT.

						£
Excess of British interest charges in 1900-1901	..	..	12,676,559	per annum.		
"	"	"	1904-5	..	..	15,268,839
Change in five years in favour of United States						
				..	£2,592,280	..

This is independent of the change in the Sinking Fund which has increased in proportion to the increase in difference of the outstanding capital sums.

(iii.) *Indian*.—The prudent and well-considered administration of the Indian National Debt might well serve as a model for the other portions of the empire. Remunerative and unremunerative expenditure is carefully separated in the accounts, and the effect of the Indian policy may be seen from the following tables :—

XIV. INDIAN NATIONAL DEBT—CAPITAL.

	Remunerative debt.		Unremunera- tive debt.	Other obligations.	Gross debt.
	Railways.	Irrigation.			
	£	£	£	£	£
1893-4 ..	87,798,121	19,789,658	70,890,065	18,181,464	196,659,308
1894-5 ..	90,789,822	20,228,937	72,569,560	14,253,652	197,841,971
1895-6 ..	93,419,829	20,734,216	68,942,306	14,883,430	197,979,781
1896-7 ..	96,257,842	21,264,761	69,103,999	13,415,471	200,042,073
1897-8 ..	98,679,216	21,759,869	71,299,351	18,302,437	210,040,873
1898-9 ..	102,045,917	22,212,915	70,612,905	17,225,774	212,097,511
1899-1900 ..	104,494,769	22,850,528	67,282,238	17,540,531	212,168,066
1900-1 ..	111,851,162	23,476,332	69,995,822	18,519,928	223,843,244
1901-2 ..	114,496,949	24,104,048	69,167,015	18,464,093	226,232,105
1902-3 ..	117,878,719	24,830,745	65,956,174	18,810,948	227,476,586
1903-4 ..	122,563,691	25,555,952	62,542,403	18,176,551	228,838,597

It is noticeable that while the remunerative debt is steadily increasing, the non-remunerative debt is steadily decreasing. In other words, whilst the population of India are being benefited by the construction of much-needed facilities for transportation and for the cultivation of the land, the burden upon them for unremunerative debt is getting less and less year by year. The actual figures are shown in the following very illuminating table :—

XV. ANNUAL CHARGES DUE TO INDIAN NATIONAL DEBT.

	Total charge.	Portion paid out of—		Net burden on taxpayers.
		(a) Railway income.	(b) Irrigation income.	
	£	£	£	£
1893-4	6,568,900	3,445,460	777,039	2,713,922
1894-5	6,863,264	3,546,894	796,077	2,837,911
1895-6	6,309,221	3,656,429	814,939	2,242,309
1896-7	6,327,483	3,776,740	835,652	2,020,550
1897-8	6,615,627	3,909,268	856,166	2,193,681
1898-9	6,595,732	4,047,632	875,129	2,017,548
1899-1900 ..	6,674,637	4,184,535	896,749	1,948,098
1900-1	7,074,433	4,376,699	921,328	2,138,946
1901-2	7,062,928	4,554,890	944,123	1,944,338
1902-3	7,093,476	4,689,121	969,105	1,832,685
1903-4	7,127,899	4,857,462	994,235	1,697,627

Thus, in ten years, while the total debt charge has increased roughly by £1,500,000, the net burden on the taxpayers has decreased by £1,000,000—a result highly creditable to the Government of India.

(iv.) *Colonial*.—It is impossible to ascertain, even from the most detailed statistics published, what is the net indebtedness of the various component parts of the British Empire. It is not difficult to ascertain the gross indebtedness, but that is by itself of little value, and indeed misleading. For nearly all the colonies have incurred the greater part of their present debts for the construction of railways, wharves, and other remunerative public works, and in order to ascertain the correct financial position, the cost of these works should be set forth together with the present position of the various loans raised in connexion therewith. For example, it is published that the gross total debt of Cape Colony on Dec. 31, 1903, was £36,469,249; but there is nothing to show which portion of this is invested in unremunerative expenditure, such as compensation for war losses, and which in remunerative, such as construction of railways. Similarly New Zealand on March 31, 1904, had an outstanding total loan liability of £57,522,215, with a Sinking Fund of £2,447,887; but again this wants dividing into the two divisions of remunerative and unremunerative expenditure. The Australian accounts are equally confused. Probably no one has any idea of the present financial position, from a commercial point of view, of the various Governments which make up the British Empire; and until these figures are threshed out by some responsible department of State, it is very difficult to grasp the actual financial situation.

BRITISH FOREIGN TRADE.—The British Foreign Trade Returns continue to show remarkable increases. The returns to May 31, 1906, are as follows :—

XVI. BRITISH IMPORTS.

(5 months, ending May 31.)

	1904.	1905.	1906.
Total imports	£ 228,775,107	£ 229,595,284	£ 252,684,687
Increase in 1906 over 1904	23,909,580	—	—
„ „ 1905	—	23,089,403	—

XVII. BRITISH EXPORTS.
(5 months, ending May 31.)

	1904.	1905.	1906.
	£	£	£
British exports	120,046,897	129,720,824	149,959,329
Foreign and colonial re-exports ..	31,404,046	33,655,129	37,166,853
Total exports	£151,450,943	£163,375,953	£187,126,182
Increase in 1906 over 1904	35,675,239	—	—
“ “ 1905	—	23,750,229	—

The chief changes of foreign trade during the trade of January to May, 1906, compared with January to May, 1905, occur in—

(a) *Imports of Raw Cotton*.—Increase over 1905 of + £4,568,528. —Due entirely to the higher price of the raw material, which was exceptionally low during the early months of 1905. The quantity of raw cotton imported has actually decreased by about 200,000 cwts. The great source of supply is still the United States, though Egypt is gradually creeping up. The figures are as follows :—

XVIII. SOURCES OF BRITISH RAW COTTON SUPPLY (1906).
(5 months, to May 31, 1906.)

Country.	Raw cotton in cwts.
1. United States of America	6,096,155
2. Egypt	1,608,077
3. Brazil	306,811
4. India	297,512
5. Miscellaneous	130,581
Total	8,439,136

The present comparatively high price of the raw material (6½d. per lb. on June 5) is beginning to have a deterrent effect on British purchases, the decrease in May alone being 767,911 cwts., whilst £1,061,411 less money changed hands.

(b) *Exports of Cotton Goods*.—Increase over 1905 of + £4,212,902. —The largest increased sale is to Bengal (+ 47 million yards), to Turkey (+ 39 million yards), and to the Argentine Republic (+ 28 million yards). China continues to diminish her purchases (— 39 million yards): this diminution, however, is only as compared with 1905; if the comparison be made with 1904 there is a very large

increase (+ 103 million yards). The increased export to highly protected countries is still to be noted, *i.e.* Germany (+ 10 million yards), and United States (+ 12 million yards). The fears expressed that Japan will cease to need British cotton find no support in the figures to date (+ 9 million yards).

(c) *Exports of Iron and Steel Manufactures.*—Increase over 1905 of + £2,988,023.—The increase continues to be widespread. Exports of pig iron have increased by nearly 200,000 tons (a marked feature being the acceleration of the flow into Germany), steel bars by 21,000 tons, cast pipes and fittings by 29,000 tons, wrought tubes by 13,000 tons, galvanized sheets by 16,000 tons, and boiler plates by 26,000 tons. The destination of the increased exports are various. Argentina again shows improvement, and India is buying better. The stagnation in South Africa is marked by a steady fall in her purchases of galvanized sheets. Railroad iron has been less in demand, the decreased export being no less than 48,000 tons. Prices have improved, however, as the total amount received is only £80,000 less than 1905; the decreased demand is chiefly from British India (50,000 tons of rails alone).

(d) *Imports of Raw Wool.*—Increase over 1905 of + £2,942,978 due to rather higher prices, and a total increased import of 20 million lbs.; the chief increases being New Zealand (+ 4½ million lbs.), India (+ 4 million lbs.), South Africa (+ 3½ million lbs.), France (+ 3½ million lbs.), and Argentina (+ 3½ million lbs.). Australia sends rather less (− 2 million lbs.). The British Empire is a large wool producer, and it may be of interest to give the sources of British wool supply, the British sources being in italics.

XIX. SOURCES OF BRITISH RAW WOOL SUPPLY (1906).
(5 months, to May 31, 1906.)

Country.							Raw wool in lbs.
1.	<i>Australia</i>	..	..	..	..	..	151,809,633
2.	<i>New Zealand</i>	..	..	..	..	..	114,207,196
3.	<i>British South Africa</i>	..	..	..	..	..	89,834,602
4.	Argentine Republic	..	..	..	..	..	23,520,424
5.	<i>India</i>	..	..	..	..	..	20,516,702
6.	South America (West coast)	..	..	..	..	..	13,253,747
7.	France	..	..	..	..	..	13,043,116

The growing importance of South Africa as a wool-exporting country is very encouraging in view of the generally sombre economic outlook in that sadly-stricken portion of the empire.

(e) *Imports of Non-Dutiable Food*.—Increase over 1905 of + £2,856,874.—Butter accounts for nearly half this increase, about 80,000 extra cwts. having been imported chiefly from Australia and Russia. £500,000 more has been spent in fish, chiefly in canned salmon from British Columbia. Lard has also greatly increased, 100,000 additional cwts. having been imported, chiefly from the United States, at an extra cost of £400,000.

(f) *Imports of Metals and Manufactures thereof (other than iron and steel)*.—Increase over 1905 of + £2,311,234.—An increase due almost entirely to higher prices. These high prices are having so marked an effect on the index numbers that it is worth while recording the present position.

XX. PRICES PER TON OF RAW METALS IN LONDON.

			Copper.	Tin.		Lead.		
			£	£	s.	£	s.	d.
1902 (average)	..		57	121	0	11	7	6
1903	"	..	62	127	0	11	15	0
1904	"	..	63	127	0	12	5	0
1905	"	..	74	143	0	14	5	0
June 8, 1906	"	..	86	183	5	17	5	0

The chief benefit from this rise falls upon the Straits Settlements, which has received £750,000 more from Great Britain, the additional amount sent only being 1300 tons. Spain benefits in respect of lead (+ £219,000) and copper (+ £197,000). The high prices are, however, beginning to react on the demand, every item, except quicksilver, in the month of May showing a diminution in quantity imported.

(g) *Exports of Coal*.—Increase over 1905 of + £2,035,716.—This increase is not affected by the abolition of the export duty, which does not take effect until November 1, 1906. The increase consists of a large increase in quantity (+ 3½ million tons). France has bought 1,250,000 tons more than in 1905, and Italy 800,000 tons more. Germany and Holland show decreases.

Shipping Clearances.—Concurrently with the growth of foreign trade the cargoes entered and cleared are increasing. The net increase in cargoes entered to May 31, 1906, is 1,931,000 tons, and in cargoes entered 832,000 tons. The percentage of increase is now greater in British ships than in foreign, the ratio being roughly 10·9 in cargoes entered and 2·1 in cargoes cleared.

The Direction of British Trade.—It is important to see what nations are increasing their trade with Great Britain. The figures are only available to March 31, 1906, and comparisons are given between this and the comparative period in 1905.

(a) *Imports.*—The marked feature is the return of the United States to the high position it previously occupied, the increase in the value of goods sold to Great Britain to March 31, 1906, being no less than £10,000,000. The other chief increases are from Canada (+ £1,700,000), Egypt (+ £1,300,000), and Brazil (+ £1,100,000). The chief decrease is from Russia (— £1,700,000).

(b) *Exports.*—The country making the largest increase purchase of British goods is Argentina (+ £1,900,000). Germany comes second (+ £1,400,000), though in this connection it is necessary to remember that March 1, 1906, was the first day of the new German tariffs, and the increase may have been a rush of German merchants to stock their warehouses prior to the imposition of the higher duties. France is third, with an increased purchase of £1,000,000, and Australia fourth (+ £900,000).

COMPARATIVE INTERNATIONAL TRADE.—(i.) *America.*—In the export trade the neck-and-neck race between the United States and the United Kingdom continues, the United States being slightly ahead on March 31, 1906.

XXI. COMPARATIVE EXPORTS. UNITED STATES AND UNITED KINGDOM.
(3 months, to March 31, 1906.)

					United Kingdom.				United States.
					£				£
1904	..	..	..	..	72,230,000	..	..	..	77,956,000
1905	..	..	..	..	78,330,000	..	..	..	75,126,000
1906	..	..	..	..	91,197,000	..	..	..	94,066,000

In imports there is, of course, scarcely any comparison yet, and the figures to date show that the States are scarcely succeeding in maintaining the spurt made during 1904 and 1905.

XXII. COMPARATIVE IMPORTS. UNITED STATES AND UNITED KINGDOM.
(3 months, to March 31, 1906.)

					United Kingdom.				United States.
					£				£
1904	..	..	..	..	119,836,000	..	..	..	54,783,000
1905	..	..	..	..	119,032,000	..	..	..	64,970,000
1906	..	..	..	..	131,534,000	..	..	..	67,581,000

(ii.) *Germany.*—The German figures have not yet been received by the Board of Trade. It is not possible, therefore, to publish the usual tables giving the comparative growth of British and German foreign trade.

WHEAT.—(i.) *General Position.*—The statistics may now be taken up to the forty-sixth week of the cereal year (*i.e.* to May 12, 1906). Russia still maintains her lead as the chief exporting country, and her total export for the forty-six weeks has been almost identical with that of 1904–5 (*i.e.* 141,500,000 bushels). The American (*i.e.* United States of America and Canada) export maintains its position in the second place, and is still practically double the export of 1904–5 (119,700,000 as against 59,950,000 bushels). It is still, however, some way below the preceding years. Argentina has now risen to the third place (96,000,000 bushels), and the Danubian provinces come fourth (74,000,000 bushels). The total amount of wheat exported by all exporting countries continues to be very large, *i.e.* 486,000,000 bushels, an increase of over 63,000,000 bushels above the quantity exported in 1904–5. This fact, coupled with the large increase in British home-grown wheat, should have meant lower prices; but, on the contrary, they have risen (*i.e.* from 28*s.* 8*d.* per quarter on March 3, 1906, to 30*s.* 4*d.* per quarter on June 2, 1906). The cause of this is probably the increasing tendency on the Continent of Europe to substitute wheaten bread for rye bread. Germany, prior to the raising of the tariff, increased her import of wheat very largely; and so have Italy and Spain.

(ii.) *British Purchases.*—The present chief sources of the British wheat supply are shown by the following table:—

XXIII. SOURCES OF BRITISH WHEAT AND WHEAT FLOUR SUPPLY (1906).
(5 months, to May 31, 1906.)

				Wheat.	Wheat flour.	Total.
				cwts.	cwts.	cwts.
1.	United States of America	..	..	9,240,400	4,294,400	13,534,800
2.	Argentina	..	..	9,857,700	92,600	9,950,300
3.	Russia	..	..	5,385,700	Nil	5,385,700
4.	Canada	..	..	4,243,700	757,300	5,001,000
5.	Australia	..	..	2,185,700	204,800	2,390,500
6.	India	..	..	1,887,200	Nil	1,887,200

The chief changes in the sources of supply in 1905 are (*a*) the fall in the supply from India, which now holds the sixth place instead of the second (1,887,000 cwts., as against 10,708,000 cwts.), and (*b*) the return of the United States of America from the fourth place to its normal position at the head of the list (13,500,000 cwts. as against 4,300,000 cwts.).

(iii.) *British Consumption.*—The total British home consumption may now be continued to June 2, 1906, which is the fortieth week of

the British harvest year. The notable feature continues to be the marked increase of British home-grown wheat. The total sales show a slight increase over 1904-5, and a very slight increase over 1903-4—

XXIV. BRITISH (HOME) CONSUMPTION OF WHEAT.
(40 weeks, to June 2, 1906.)

	1903-4.	1904-5.	1905-6.
	cwts.	cwts.	cwts.
Foreign imports	87,604,100	87,557,100	77,220,400
Home-grown sales	21,489,100	17,701,600	31,946,900
Total home supplies	109,093,200	105,258,700	109,167,300

COTTON.—(i.) *American Exports of Raw Cotton*.—The American Trade Returns for the nine months ending March 31, 1906, are beginning to show the effect of the comparatively higher prices being obtained. This will be seen from the following table:—

XXV. CASH VALUE OF AMERICAN EXPORTS OF RAW COTTON (1905-6).
(9 months, to March 31, 1906.)

	Number of bales sold.	Cash received. Dollars.
1903-4	5,400,000	329,304,000
1904-5	6,576,000	305,601,000
1905-6	5,878,000	334,468,000

XXVI. CHIEF DESTINATIONS OF AMERICAN EXPORTS OF RAW COTTON (1905-6).
(9 months, to March 31, 1906.)

	Dollars.
1. United Kingdom	155,826,000
2. Germany	79,525,000
3. France	39,538,000
4. Italy	20,575,000
5. Japan	6,671,000
6. Canada	6,615,000

(ii.) *British Stock of Raw Cotton*.—The stock of raw cotton stored in United Kingdom is still greater than in 1905, but the maintenance of the price above 6*d.* per lb. is tending to diminish the purchase of material to replenish, the decreased import since January 1, 1906, being 104,178 bales.

XXVII. STOCK OF RAW COTTON STORED IN UNITED KINGDOM ON JUNE 6.

	Bales.	Value per lb.	Total value. £
1904	579,540	6·62	7,969,000
1905	832,180	4·59	7,958,000
1906	862,030	6·05	10,865,000

The value of the stock on March 1, 1906, was roughly estimated at £13,500,000, so that the value has diminished to June 6 by £2,635,000. This is a less diminution than is usual at this time of year, when the cotton used is generally in excess of that imported.

(iii.) *British Sales of Manufactured Goods*.—The export sale of cotton goods manufactured in Britain in 1906 to May 31 continues to be of unprecedented magnitude.

XXVIII. EXPORT SALES OF COTTON FABRICS MANUFACTURED IN GREAT BRITAIN.
(5 months, to May 31.)

1904	..	..	..	..	..	..	..	..	£ 26,857,000
1905	..	..	..	..	..	..	..	..	29,819,000
1906	..	..	..	..	..	..	..	..	32,594,000

XXIX. CHIEF DESTINATIONS OF COTTON FABRICS MANUFACTURED IN GREAT BRITAIN (1906).
(5 months, to May 31.)

1. Bengal	..	..	..	..	..	..	..	..	£ 5,049,291
2. China (including Hong Kong)	..	..	..	..	..	..	..	..	4,211,610
3. Bombay	..	..	..	..	..	..	..	..	3,516,693
4. Turkey	..	..	..	..	..	..	..	..	1,958,592
5. The Argentine Republic	..	..	..	..	..	..	..	..	1,130,023
6. Egypt	..	..	..	..	..	..	..	..	1,115,103
7. Dutch East Indies	..	..	..	..	..	..	..	..	1,017,791
8. United States of America	..	..	..	..	..	..	..	..	1,008,309

SUGAR.—Prices have varied but slightly since the previous notes. Cane sugar is now (June 2, 1906) 7s. 3d. per cwt., and beet 8s. 0½d. The reaction from the corner of 1905 is vividly set forth by the following table:—

XXX. SUGAR IMPORTED INTO UNITED KINGDOM.
(5 months, to May 31.)

Year.					Quantity imported.	Price paid.
					cwts.	£
1905	..	..	..	..	10,640,752	8,401,893
1906	..	..	..	..	13,954,185	7,034,960
Difference					+ 3,313,433	— £1,366,933

Thus, in the first five months of 1906, Great Britain has obtained 3,313,433 cwts. more sugar for £1,366,933 less money than in 1905.

BRITISH PRICES GENERALLY.—The general level of prices is continuing to climb uncomfortably high, the *Economist's* Index number at the end of May being 2372. The rate of climb in the 1906 figures may be gathered from the following table:—

XXXI. BRITISH INDEX NUMBERS OF PRICES OF COMMODITIES.

1906.				Economist.	Sauerbeck.
January				2322	75·2
February				2304	75·0
March				2306	75·7
April				2337	76·5
May				2372	77·0
May, 1905				2144	71·7
" 1904				2172	69·9
" 1903				2107	69·6

One of the causes of the great mount up of the *Economist* number is the abnormally high price of tin, which is one of the twenty-two commodities which—at an equal weight of 100 each—comprise the total normal of 2200. This number was 198 on January 1, 1906, when the price was £170 per ton. At the end of May it was £187, and the total number has climbed accordingly. This occurrence, however, indicates the misleading character of the *Economist* numbers. Tin is given a weight of 1 in 22, whereas the Board of Trade estimates that it should only have a weight of 1½ in 506, which would of course greatly diminish the effect shown by the *Economist*. The same remarks apply in a less degree to copper. Apart from this question, however, there is a slight rise all along the line, the only articles showing declines—according to the *Economist*—being certain descriptions of timber and beet sugar.

AMERICAN PRICES GENERALLY.—American prices swing sympathetically with British, and they also were very high in May, 1906. On May 1 the Bradstreet number stood at 8·3054, which is only a very small fraction of 1 per cent. below the number of January 1, 1906, which was the highest point reached in the past fourteen years. The chief changes from January 1 are recorded below—

XXXII. CHIEF CHANGES IN AMERICAN PRICES DURING 1906.
(To May 1, 1906.)

	January 1.	May 1.	Change.
(a) Increases—			
1. Metals	0·7010	0·7383	+ 0·0373
2. Fruits	0·1392	0·1574	+ 0·0162
3. Live stock	0·3085	0·3125	+ 0·0090
(b) Decreases—			
1. Hides and leather ..	1·2150	1·1625	– 0·0525
2. Provisions	1·8652	1·8181	– 0·0471

Students of the Bradstreet number should notice the incidental reference on p. 786 of the issue for December 16, 1905, where it is stated that the whole of the numbers have been "revised to exclude some staples showing wide fluctuations." The change is made in the miscellaneous group, which drops suddenly by nearly \$1. A table of the numbers from January 1, 1892, onwards, as revised, is published in the same issue. Unless this change is noted all previous calculations based on the Bradstreet number will be misleading.

The Dun's Index number, which has appeared regularly for many years past in the *Washington Monthly Journal of Commerce and Finance*, ceased to appear in the issue of January, 1906, and has not been published since that date. At the last date of its appearance (January 1, 1906) it stood at 104·464, which—except the still higher figure for December, 1905 (105·312)—is the highest figure recorded since 1883.

A report has just been published by the Washington Department of Commerce and Labour bringing the Federal analyses of American price-movements up to December, 1905. The salient facts in the report—which is well worth careful detail study—are as follows :—

1. Wholesale prices, considering all commodities, reached a higher point in 1905 than at any other time during the sixteen years covered by the investigation.

2. 1905 prices averaged 2·6 per cent. above 1904 prices, and 15·9 per cent. above the average of the decade 1890–9.

3. Prices reached their highest point in December, 1905, when they were 5·6 above December, 1904, prices, and 19·9 per cent. above the average of the decade 1890–9.

4. The groups of commodities showing the largest rises in 1905, compared with 1890–9, are as follows :—

	Percentage of rise.
(a) Fuel and lighting	28·8
(b) Timber and building materials	27·8
(c) Farm products	24·2
(d) Metals and implements	22·5

5. The prices of manufactured commodities only, as set forth at monthly intervals for the four years 1902–5, show a slow but steady rise from 10·6 per cent. above the average for 1890–9, in 1902 to 14·6 above the same average in 1905. In December, 1905, manufacturing commodities reached 18·3 per cent. above the average.

6. The report as a whole confirms the view that American prices are not only very high, but are steadily rising in all directions.

MISCELLANEOUS.—(i.) *British Unemployed Returns*.—The trade union percentage of unemployed at the end of May, 1906, was 3·6 per cent. The decrease during recent years in the percentage of unemployed can be seen from the following table, though there is plenty of room for yet further reductions to get to the 1897 level :—

XXXIII. PERCENTAGE OF BRITISH UNEMPLOYED DURING MONTH OF MAY.

	Per cent.								
1894	6·3
1895	6·0
1896	3·3
1897 (low point)	2·3
1898	2·7
1899	2·5
1900	2·4
1901	3·6
1902	4·0
1903	4·0
1904	6·3
1905	5·1
1906	3·6

(ii.) *British Pauperism*.—The total number of paupers relieved is steadily falling, as will be seen from the following table :—

XXXIV. NUMBER OF BRITISH PAUPERS RELIEVED ON ONE SELECTED DAY.
(35 selected urban districts.)

	1905.	1906.	Comparison with 1905.
January	414,885	408,016	— 6869
February	416,129	413,055	— 3074
March	416,732	408,043	— 8689
April	394,769	388,378	— 6391
May	388,327	381,706	— 6621

(iii.) *Work at the London Docks*.—The average number of labourers employed at the London Docks per day has been as follows :—

XXXV. AVERAGE NUMBER OF LABOURERS EMPLOYED PER DAY AT THE LONDON DOCKS.

	1905.	1906.	Comparison with 1905.
January	13,004	12,336	Per cent. — 5·1
February	11,446	11,327	— 1·0
March	11,968	11,637	— 2·1
April	11,682	11,543	— 1·2
May	12,011	11,971	— 0·3

(iv.) *Seamen shipped*.—The number of seamen shipped during the five months ending May 31, 1906, was 185,464, as against 177,231 for 1905, an increase of 8233.

(v.) *Price of Bread*.—The following table, based on returns from 466 British Co-operative Societies, gives a fair idea of the average quarterly fluctuations of the price of a 4-lb. loaf in Great Britain :—

XXXVI. VARIATIONS IN PRICE OF BREAD IN GREAT BRITAIN.

	1904.	1905.	1906.
	d.	d.	d.
March 1	5·30	5·53	5·35
June 1	5·31	5·43	5·34
September 1	5·38	5·43	—
December 1	5·55	5·39	—

The maximum average fluctuation per 4-lb. loaf between January 1, 1904, and June 1, 1906, has therefore been $\frac{1}{4}$ d.

(vi.) *British Railway Goods and Mineral Traffic Receipts*.—This excellent index of British home-trade activity records receipts during the first twenty-two weeks of 1906, i.e. to June 2, 1906, of £22,882,397, or £894,410 (i.e. 4·1 per cent.) above the corresponding period of 1905.

(vii.) *British Bankers' Clearings*.—The aggregate amount of bills and cheques cleared in the British bankers' clearing houses is as follows :—

XXXVII. BRITISH BANKERS' CLEARING RETURNS, 1906.
(To June 6, 1906.)

	Town clearing.	Country clearing.	Total.
	£	£	£
1906 (to June 6) ..	5,165,691,000	428,236,000	5,593,927,000
1905	4,958,886,000	396,510,000	5,355,396,000
Increase in 1906 .. {	+ £206,805,000 = 4·17 per cent.	+ £31,726,000 = 8·00 per cent.	+ £238,531,000 = 4·45 per cent.

(viii.) *The Price of Consols* is as follows :—

XXXVIII. COMPARATIVE PRICE OF CONSOLS.

1903 (reduced from 2½ per cent. to 2¼ per cent. on April 6, 1903) ..	June 10	91½
1904	8	90¾
1905	7	90¼
1906	6	89½

The fall has been slow, but it still continues, notwithstanding the beginning of a debt reduction policy.

GENERAL STATISTICAL POSITION.—(i.) *British.*—The foregoing returns indicate marked trade prosperity in every direction. The only real cause of disquietude is the abnormally high level of national income and expenditure. If the normal rate of increase which obtained from 1840 to 1895 had been continued until 1906–7, the national expenditure for this year should be about £107,500,000. Actually it is estimated to be £142,500,000. This great additional burden is, however, scarcely noticed owing to the general prosperity. It is but prudent, however, to prepare for the reflex period of depression that is bound to succeed the present prosperity, and for this reason expenditure should be curtailed wherever a reasonable opportunity occurs.

(ii.) *American.*—The chief feature of the American position is the restoration of the Federal Treasury to a state of financial equilibrium, and the growing receipts both from Customs and Excise, together with the rapidly diminishing National Debt, are placing the States in a good financial position to undertake the great national works that will necessarily be attendant upon the construction of the Panama Canal.

OWEN FLEMING.

LEGISLATION, PARLIAMENTARY INQUIRIES, AND OFFICIAL RETURNS.

A DEPARTMENTAL committee has been inquiring into the allegations that railway companies give preferential treatment to foreign and colonial goods as compared with domestic products. Witnesses being an essential element of an inquiry, the committee found themselves at first doomed to futility by "a general unpreparedness to give evidence." After much trouble they managed to get twenty-seven witnesses, whose examination occupied eleven days. The committee's *Report* (Cd. 2959, 41 pp., 5d.) and the *Evidence* before it (Cd. 2960, 359 pp., 2s. 11d.) have been issued, and from both it is evident that the case against the railway companies has completely broken down. The companies maintained, and on the whole proved, that they exacted similar payments for similar services. Suppose a port, A., at the mouth of a navigable river, on which stands a large town C., also connected with A. by rail, while a small town B., equi-distant from A. and C., is on the rail but not on the river. The railway rates for a vanload of meat from B. to C. may be much larger than from A. to C., and this is a preference to the producer of the foreign meat which reaches C. though A. This preference is really given, however, by the river, for the railway company has to charge a rate from A. to C. which will enable it to take some of the traffic from the river. If C. was reached from another port, D., by another railway, the competition between the two railways would reduce railway rates to water rates. Newark as compared with Hull and Goole is an example of this set of conditions. Barley per ton in 6-ton lots would cost 8s. 11d. per ton by the longer railway route and 7s. 8d. by the shorter, but these are both fixed at 6s. 8d. in order to attract some traffic from the river, by which the rate is 6s. 3d. In 1904, 6533 tons out of 8233 tons went by water. Sir George Gibb stated in evidence that 41 per cent. of the haulage expenses of a railway are independent of the amount of the traffic, and this accounts for numerous cases of apparent preference. Excluding cost of collection and delivery, meat is taken from Southampton to London for 12s. 6d. a ton, while the rate from Salisbury to London is 25s. 4d. But in seventeen months 10,638

tons in 286 consignments properly packed for handling went from Southampton to London, and only 231 tons in 825 consignments loosely placed in hampers went from Salisbury to London. So the Great Eastern Railway reported that in one week they carried 77 tons of fresh meat to London from 133 stations in 282 trucks and by 561 separate consignments. To complain because the companies carry whole train-loads of foreign produce at a cheaper rate per ton-mile is absurd, though one of the witnesses, speaking on behalf of farmers in the North Riding, when faced by these facts, did not hesitate to say that the railways were not justified in making the distinction (Q. 471 in the *Evidence*). In fact, the farmers were claiming a virtual re-enactment of the protective system through the medium of railway rates.

Nothing is more certain than that the unfavourable position of the British farmer is due in the main to a senseless persistence in meandering along the old ruts. The companies have done much to induce the farmers to co-operate, but their efforts have been simply nugatory. "Each man will persist in sending his own stuff separately to separate tradesmen," says the L. & S.W.R. The much-abused S.E. & C.R. offered 10 per cent. reduction on two-ton lots of fruit, and 15 per cent. on four-ton lots. The former reduction was only claimed on 2118 tons and the latter on 706 tons out of a total traffic of 42,237 tons. The maximum discount was £4290, the amount claimed £290; in other words, the fruit-growers lost £4000 by refusing to co-operate in making-up four-ton lots. The bulk of our imports land at a few ports in quantities which give the railways full truck-loads and full train-loads, while from most of the 8900 railway stations in England and Wales the loads, apart from co-operation, must be small and intermittent. The total imports of England and Wales in 1903 were valued at £487,851,579, of which thirteen ports took over 94 per cent.

							£
London	..	..	..	..	..	..	173,132,088
Liverpool	..	..	..	..	..	..	129,000,840
Hull	..	..	..	..	..	..	32,601,063
Manchester	..	..	..	..	..	..	20,279,255
Harwich	..	..	..	..	..	..	19,391,913
Southampton	..	..	..	..	..	..	15,740,195
Bristol	..	..	..	..	..	..	12,751,022
Newhaven	..	..	..	..	..	..	11,349,840
Folkestone	..	..	..	..	..	..	11,053,872
Grimsby	..	..	..	..	..	..	10,148,431
Newcastle	..	..	..	..	..	..	10,051,602
Devonport	..	..	..	..	..	..	8,272,691
Goole	..	..	..	..	..	..	6,391,155

It is worth noting that Manchester is the fourth port in the country. The committee curtly dismiss the suggested remedies, and suggest no alterations in the law. They content themselves with ingeminating co-operation.

A useful little return has been published giving our *Imports and Exports of 1900-1905 at the Prices of 1900* (Cd. 2894, 15 pp., 2d.). It does all that statistical science can do to provide data that can only be misread by wilfulness or ignorance. The correction of the figures of our over-sea trade by means of index numbers is not carried far enough if the same index number is used to correct both exports and imports. Coal is a considerable factor in our exports, but it is not imported at all; food-stuffs are imported to a very large amount, while they are hardly exported at all. An index number in which the prices of both coal and foodstuffs are factors is likely to give less trustworthy results than separate index numbers for exports and imports. The results of the calculations made on this basis are as follows :—

Year.	Imports.		Exports (re-exports deducted).	
	Values as declared.	Estimated values at prices of 1900.	Values as declared.	Estimated values at prices of 1900.
	£	£	£	£
1900	523,175,163	523,175,163	291,191,996	291,191,996
1901	521,990,198	538,931,602	280,022,376	294,040,877
1902	528,391,274	551,535,334	283,423,966	312,158,784
1903	542,600,289	558,688,097	290,800,108	320,504,245
1904	551,038,628	563,725,647	300,711,040	327,448,973
1905	565,279,402	572,432,967	330,023,467	359,379,835

Worked out as percentages (1900 = 100) the results are as follows :—

Year.	Imports.		Exports.	
	Values as declared.	Values estimated at prices of 1900.	Values as declared.	Values estimated at prices of 1900.
1900	100	100	100	100
1901	103	96	96	101
1902	105	97	97	107
1903	107	100	100	110
1904	108	103	103	112
1905	109	113	113	123

Mr. Arthur Lowry has made to the President of the Local Government Board a *Report on Labour Bureaux* in this country (House of

Commons Paper, No. 86 of 1906, 31 pp., 3½d.). Nineteen municipalities have organized labour bureaux. The test of their success is the percentage of applicants who find work with private employers as the result of the bureau's agency. Judged thus none of them are conspicuously successful, and some of them fail ignominiously, *e.g.* Liverpool only found work with private employers for 15 male applicants out of 3399. Where the work of the bureau is vigorously pressed by a superintendent who gives his whole time to it, larger numbers of applicants are placed in situations. Large employers and skilled workmen do not need to resort to a labour bureau, but the failure of municipal labour bureaux in this country as compared with Germany is very marked. The following are the results of the most successful English bureaux for the year ending August 31, 1905 :—

Bureaux.	A. Total male applicants.	B. Number engaged by private employers.	Percentage (B. of A.).
Dudley	305	102	33·41
Plymouth	1860	613	32·95
Coventry	2162	636	29·41
Westminster	1853	487	26·28
Finsbury	3542	846	23·88
Kensington	2401	528	21·96

In Prussia in 1904, 457,400 vacant places and 602,700 applications were registered, and 322,800 places were filled through the agency of municipal bureaux. Munich has a very successful bureau ; in 1904, 64,100 vacancies and 65,750 applications were registered, and 48,600 places filled. Exactly what makes the success of a labour bureau is hard to determine, for even in well-drilled Prussia 200 out of 276 municipal bureaux have a merely nominal existence. The explanation is probably simple enough ; municipal labour bureaux in England are not greatly successful because they are not greatly wanted.

The Board of Education has issued in its series of special reports on educational subjects a report on the methods of *School Training for the Home Duties of Women* adopted in Belgium, Sweden, Norway, Denmark, Switzerland, and France (Cd. 2963, 352 pp., 1s. 6d.). The Belgian Commission du Travail of 1889 had recommended the establishment of housewifery schools "as one of the measures which can most rapidly ameliorate the moral and material condition of working-class families," and, accordingly, M. de Bruyn, the Belgian Minister of Agriculture, Industry, and Public Works issued a circular to the provincial governors urging that this should be done, and offering State aid for the purpose. By a very slow process, the industrial

nations of Western Europe are coming to recognize that the social evils consequent on modern methods of production have got to be counteracted by newer educational methods. M. de Bruyn sketches the career of a typical factory girl from the time of leaving school to her marriage. As a result of want of training she is almost inevitably a failure as a housewife. "Soon the head of the family, instinctively revolted by the appearance of permanent mess which his home presents, yields to the temptations of the public-house, and to the invitations of his comrades. Then the home, morally speaking, is dissolved." The cookery of the young housewife has given point to thousands of humorous stories—quite needlessly, as any one knows who has tasted the excellent dishes prepared at home by girls hardly in their teens who have had cookery lessons at school.

The Foreign Office has collected and the Education Office has tabulated a valuable summary of information bearing on the *Feeding of School Children in Continental and American Cities* (Cd. 2926, 33 pp., 4½d.). The list of inquiries sent out to our agencies abroad covered the following points: (1) the kind of organization; (2) the amount of State aid given (if any) and whether by the State or by the locality; (3) the number and character of the meals; (4) the enforcement of parental responsibility; and (5) the cost of the scheme. Local grants are made at Vienna, Trieste, Prague, Liège, Brussels, Antwerp, Ghent, Copenhagen, Paris, Leipzig, Dresden, Milan, Christiania, Bergen, and Stockholm. Both central and local authorities render financial aid at Rome, Genoa, Madrid, Barcelona, and Zurich. No State aid of any kind is given in the United States, on the express ground that it would tend to weaken parental responsibility. That this is a real danger is obvious to all who have had experience in distributing to school children tickets for meals provided by voluntary subscriptions. Yet this experience shows also that most of the meals are wanted because parental responsibility is already too weak to induce the energy and self-denial necessary to provide them. To insist that the children shall be fed is the State's duty to the children; to insist that they shall be fed by their parents is the State's duty to itself.

The report of the departmental committee on vagrancy was discussed in the last number of the *Economic Review* (pp. 229–231). There has since been published the *Minutes of Evidence taken before the Departmental Committee on Vagrancy* (Cd. 2891, 503 pp., 4s. 1d.) and an *Appendix to the Report* of the same committee (Cd. 2892, 208 pp., 5s. 1d.). A very long and good digest of the evidence, and an exhaustive and well-arranged index, make it easy to collect a valuable body of evidence on any phase of the question. The impression one

gets from reading the evidence is that vagrancy is an infectious disease that ought to be stamped out by stringent repressive measures. No appreciable number of the vagrants are honest work-seekers. Mr. H. Preston-Thomas quoted a case, which is typical, of an offer of regular work to the inmates of a casual ward, in a small town where the wages offered, 18s. a week, was a desirable competency. Only six of the able-bodied vagrants offered to go, and only one of them started work. In the *Appendix* (pp. 188-206) is a record of the minutes of St. Austell casual ward from November, 1904, to January, 1905. Each man's statement of his life-history is shortly summarized with the master's comments thereon. Apart from a few isolated cases, the record tells of nothing but drunkenness and "work-shyness" as the cause of vagrancy. Some of the vagrants are of a dangerous type. "W.P." 's objection to work was so rooted that in six years he was convicted 31 times, 29 of them for refusing or neglecting his "task" as a casual. The committee deserve hearty thanks for the thoroughness of their inquiries, and the admirable manner in which they have presented the results.

REVIEWS.

THE LABOUR MOVEMENT. By L. T. HOBHOUSE. With Preface by R. B. HALDANE, M.P. Third impression : second edition. [98 pp. 8vo. 3s. 6d. Unwin. London, 1906.]

I am glad to find that the public demand continues for this admirable little treatise on the labour movement. Its hundred pages contain the sum and substance of many a ponderous volume, and the difficulties of industrial problems are encountered with a buoyant hopefulness that communicates itself to the reader. In a sympathetic preface, Mr. R. B. Haldane, now a statesman of high Cabinet rank, remarks that the author belongs to a rapidly growing school, "the leading tenet of which is that the problem of to-day is distribution, not production, and that better distribution requires the active intervention of the State at every turn."

In the five chapters of his book, Mr. Hobhouse deals with the following particular aspects of the labour movement : "The Aims of Labour ;" "Trade Unionism and the Control of Production ;" "The Aims and Methods of Co-operation ;" "The Distribution of Wealth ;" and "The Control of Industry and the Liberty of the Individual." Many otherwise educated people are prompted by sheer ignorance and prejudice to denounce trade unionism and all its works. They regard trade unions simply as organizations for enforcing unreasonable demands upon employers, and fostering labour disputes and strikes which "drive away trade," wholly ignoring the vast, beneficial, and mainly peaceful revolution they have effected in the industrial world. Such people fail to comprehend how utterly helpless and deplorable would be the condition of the working classes without trade unions, and to perceive that pure individualism, in the industrial, as in other spheres of human life, really means, not only chaos and anarchy, but oppression and injustice in their worst forms. All civilization implies collective action, and industrial methods which are purely individualistic are really "methods of barbarism," and are wasteful and extravagant to the last degree.

Mr. Hobhouse gives due prominence to the essentially ethical nature of industrial problems, which was systematically ignored by the older

school of political economists. Individualism is simply self-regarding ; it is undisguised selfishness. Collective control is, on the contrary, based on the principle that justice is the foundation of society, and that as Vauvenargues has so truly said : " We cannot be just unless we are kindhearted " (" On ne peut être juste si on n'est pas humain "). Moreover, " the employer has come to see that it ' pays ' in the long run, not only from the humanitarian, but from the business point of view, to employ union men on union conditions. Still more fundamental is the change in public feeling. The growing inclination of public bodies and co-operative societies to pay union rates, marks a new era in the history of unionism. It is the beginning of a definite system of fixing wages by the moral sense of the community. The rate on which the unions, the ratepayers, and the best employers agree, has moral as well as economic forces at its back, which the inferior employer cannot long resist " (p. 28).

The serious mistake has often been made of regarding human labour as though it were subject to the same fixed and immutable law as that ruling any other marketable commodity. Mr. Hobhouse clearly shows what a fallacy this is. For instance, if the price of coals falls the coals are just as good as they were before, but if the price of labour falls below the standard of a living wage, " the labourer's capacity for work—an economic factor of enormous importance"—is diminished. Underpaid labour is false economy, to say nothing of its injustice and inhumanity. A main object of trade unionism is to " raise the wages of all workers to such a rate as will, without involving the exhaustion of the worker, provide the material means of a happy family life for all " (p. 14). The efficiency of the worker, and the consequent value of his work, require his possession of adequate means of livelihood. Excessive hours of labour are also false economy for the same reason, that they impair the efficiency of the worker. Better work is done in shorter hours.

Mr. Hobhouse maintains that " trade unionism, co-operation, and state municipal socialism have in essentials one and the same end to serve," each being " the necessary supplement to the others in the fulfilment of the common purpose " (p. 2). While trade unionism represents the control of industry by communities of workers in the interests of all the workers, co-operation is the system by which production may be organized, wholly or in part, in the interests of the community of consumers, and is therefore the natural supplement to organization by producers (p. 36). The growth of the movement is unparalleled in our industrial history. In England and Wales alone, during the last thirty years, the co-operative population has increased

nearly tenfold, its business nearly fifteenfold, and its profits almost twentyfold.

The fact that the object of co-operation is the control of production by consumers has been partly obscured through the tendency of the movement to concentrate itself upon that form of production known as retail trade (p. 37). Mr. Hobhouse points out that shopkeeping is, after all, a branch of production. But besides retail trade, the co-operators are rapidly developing, not only a large wholesale and transport business, but also various kinds of manufactures. Here, then, we have a vigorous and growing movement for "correlating demand and supply, and thus doing something to mitigate the fluctuations of trade, from which all classes suffer so much" (p. 37). It is true that the ideals which animated the pioneers of the co-operative movement sixty years ago have been lost sight of, and have no correspondence in fact. The Rochdale pioneers hoped that the movement would bring about a juster and more equal distribution of wealth, the breaking up of the land monopoly, and the provision of work for all willing to work. There are signs, however, that not only the trade unions, but also the great co-operative societies are becoming more and more disposed to use their powerful organizations for the achievement of these industrial and social reforms.

Municipal socialism "is simply the growth of the collective control of industry under a special form," namely, the "co-operation of all the dwellers in a district to supply themselves with their common requirements by means of certain legally constituted machinery, and enforcing their decisions by legal powers. In doing this, of course, they interfere with the liberty of the individual. An individualist philosopher may not want to wash, but must pay his water-rate all the same. . . . Tyrannical, perhaps, but necessary." The principle is as old as human society, and what is new in modern applications of it "is nothing but the wider and deeper conception of the welfare of society" (p. 51). Mr. Hobhouse agrees with J. S. Mill that "individuality is an element of well being." He does not want "to run everybody into one mould," and entirely denies that "the regulation of industrial life tends in this direction." Outside its own sphere it leaves men entirely free to pursue their own course and gratify their own tastes. He approves Professor Green's axiom that "true liberty is found when each man has the greatest possible opportunity for making the best of himself." As to individual rights, Mr. Hobhouse maintains that "a right is nothing but what the good of society makes it. If it were well for society as a whole to destroy every right of private property to-morrow, it would be just to do so, and the owners would have no

right to object" (p. 90). "A 'natural right' independent of the welfare of society is as much a contradiction in terms as a legal right independent of a law enforcing it" (p. 89).

In the chapter on "the Distribution of Wealth," Mr. Hobhouse discusses this great question dispassionately and fearlessly. He believes that "an economically worked system of industry" would "establish the principle that payment should be made for services rendered, and to those by whom they are rendered. The surplus left over it would communize" (p. 76). "We do not object," he says, "to wealth as wealth," but "holding as we do that the rights of property are wholly dependent for their binding force on the purposes which they subserve in the social system, we have to ask whether these purposes can be adequately fulfilled as long as hundreds of millions yearly go to private persons for the use of wealth that is partly due to nature and partly to the efforts of their fathers" (p. 77). He accepts the principle of "paying only for services rendered, and only to him who renders them," but believes that no sweeping interference with private property is either possible or desirable (p. 77), concluding that "it is possible to communize land and capital, without recourse to revolutionary methods, by the extension of public enterprise, and the readjustment of taxation," more particularly by means of a graduated income tax.

On the whole, though this book is not one to be read by halting and timid social reformers with unmixed pleasure, it is a valuable contribution to the chief question of the day, and the candour, sincerity, and earnestness of the writer are beyond question. In concluding, he truly remarks that the object of collective control is "not so much to make people good and happy, as to establish the necessary conditions of goodness and happiness, leaving it to individual effort and voluntary association to develop freely and spontaneously all the fair flower and fruit of human intercourse, and knowledge, and beauty which can spring from a sound root firmly planted in life-giving earth."

FRED. B. MASON.

DIE DEUTSCHE HAUSINDUSTRIE. Von HEINRICH KOCH, S.J.
[112 pp. 8vo. 1 mark. Gladbach. Zentralstelle des Volksvereins für das Katholische Deutschland, 1905.]

This is to all intents and purposes an indictment of that home employment which our British working men have long since condemned, but which, more particularly in the picturesque shape of what are known as "cottage industries," German Governments are making a point of

favouring and promoting. No doubt such employment is liable to great abuses. The people engaged in it are often at middlemen's mercy; some of the callings almost actually necessitate unsanitary conditions in dwellings; and it is disappointing to learn from Father Koch that they are in not a few cases tainted also with immorality, such as insufficient wages almost invariably carry with them. However, in respect of these same wages, Father Koch finds himself rather at issue with two very competent inquirers, Dr. Cl. Heiss and A. Koppel, whose carefully compiled work, *Heimarbeit und Hausindustrie in Deutschland*, the German Statistical Office is now summarizing in its official publication, and to which my attention has been specially directed by one of the heads of that department. Drs. Heiss and Koppel show that in at any rate some "cottage industries" very fair, even high wages are being earned, and my own inquiries on the spot fully confirm this statement, though no doubt there are many others in which the workers are miserably underpaid. It bids fair to be always a moot point whether in home employment advantages or drawbacks predominate. Cottage industries have been deliberately introduced of late into Ireland as a help to the rural population. That is their legitimate use and object. Father Koch, who gives in a small space an excellent summary of cottage industries practised in Germany, must be aware that the opening up of the Eifel mountains, in a social sense, could never have taken place without the systematic encouragement of cottage industries, more particularly by Dr. Frauberger and Count Brühl.

Much as our working classes detest home employment, we may, before long, have to fall back upon them, not merely as a complementary feature to agricultural organization, but also to provide employment for industrial workers whom steadily reduced factory hours will leave with excessive time on their hands. But evidently, as Father Koch rightly remarks, careful inspection and State regulation are necessary; they seem very much required in Germany, where, in the latest period of industrial storm and stress, authorities appear to have been more eager to stimulate than to control production. One may be glad that Father Koch suggests co-operation among home workers as a defence against sweaters. The co-operative method, of combining the societies for common sale, has now found its way even into that chosen home of merciless sweating, India, where the worm so long trodden upon with impunity is at length turning. One notable instance is that of the Mohammedan silkweavers of the Benares district, of whom about four thousand, having been mercilessly exploited by the Hindoo merchants, have now formed their

co-operative society for the sale of their goods, that is, Kashi silk and high-class brocade. Evidently more of this kind of thing is wanted in Germany.

HENRY W. WOLFF.

PRINCIPLES OF ECONOMICS. By EDWIN R. A. SELIGMAN, LL.D., McVickar Professor of Political Economy in Columbia University. [613 pp. 8vo. 9s. net. Longmans. New York, 1905.]

This treatise on economics forms part of the *American Citizen Series*; and therefore, though it deals with economic science in general, it is made to refer more particularly to American conditions of life. It is designed for the serious student; this is shown not only by the minute directions for reading which are prefixed to each chapter, but also by the provision of a separate account of economic books and documents of all kinds, carefully arranged and classified. On the other hand, this work is not intended for the beginner. It is true that the author traces economic ideas from the beginning, and in this way claims to treat the subject as a whole; but the value of the book could not be appreciated by one who had not already studied economics, because the thought is condensed, and leads to involved argument. In form also the book is arranged for serious study. It is divided into headings and sub-headings; in many parts it is illustrated by statistics, or (more frequently) by graphic charts; the style is clear, and seldom breaks out into eloquence; there is an orderly progression of ideas; and, more than all, a persistence in examining each term as it comes, by going carefully behind its ordinary usage.

The list of authorities suggested to students is a voluminous one, and includes short comments upon the more important works. In mentioning the British periodicals, Dr. Seligman assigns wrong dates to the beginnings of the *Economic Journal* and *Economic Review*, which should be March, 1891, and January, 1891, respectively. Some of the documents named are only technical reports, but the works of more general interest are enumerated separately, and reference is again made to them in detail at the head of each subsequent chapter.

In his introduction the author gives a broad view of economics as a whole. He appreciates the particular value of each school of thought, showing how the analytical and historical views must supplement each other. Every word and term is carefully balanced. Some of these definitions are not those usually accepted, *e.g.* capital is made to include everything that produces an income, even if such a thing is unproductively consumed. Value, also, is explained as not necessarily

exchange-value ; and the author states that the term "rent" need not be confined to "rent for" land. But these points are made so clear that this cannot lead to confusion. It is only a more strictly accurate use of words ; for, in dealing with these phenomena, the usual sense of the term will suffice. For instance, we are not called upon to deal with isolated value, but with exchange-value, or, as it is here called, social-value ; again, rent of land requires separate treatment in any case, while capital that is consumed without productive result does not take an important part in industry.

The second part of the book, in treating of economic life and thought, gives a general sketch of their beginnings. The author shows the weak point of what is called the Malthusian doctrine. He traces the early growth of civilization, not in accordance with any set theory, but in the light of historical research. He hardly does justice to Aristotle's view of slavery, perhaps because he never altogether loses sight of his democratic ideal. He gives an unusually high estimate of Ricardo's work. The Mercantile school is criticized fairly, with reference to the conditions of that age, instead of receiving much unsuitable abuse, which is often the case. Dr. Seligman approves of private property, including land, as an incentive to production ; and also of competition, within such limits and under such control as will best secure the common good. He speaks of the responsibilities of wealth, but does not quite explain how this feeling of responsibility is to be encouraged.

The third part, on value, production, distribution, and exchange, is the main part of the book. The explanation of value needs further concentration, it tends to be diffuse. Value is shown to be the basis of economic life ; marginal utility is examined, also the part taken by cost of production, as well as the meaning of market and normal values. After this, the author treats of the agents of production in turn. He finally uses the ordinary classification, after explaining that production consists of man's work in conjunction with nature. He chiefly lays stress on the bearing of a high standard of life upon the efficiency of the labourer, not on humanitarian grounds, but for the benefit of society at large. But he does not suggest a limit to this. How far is it profitable ? Is solidarity of interests between employer and employed a real thing ? or will there always be a conflict of interests between them ? Dr. Seligman believes in the power of a social conscience, but does not make it quite clear whether or not this means voluntary sacrifice on the part of some. However, he says more of this later. A good account is given of division of labour, both in its technical and in its wide sense. The author does not mention one of its great

drawbacks, viz. the increased difficulty of passing from one industry to another, when a man is only proficient in one minute process. He takes industry in a narrow sense (which is unlike his use of words in other cases), making it mean manufacture only ; and in this connexion he gives much space to the economic effects of combination of employers. This emphasis is due to the special reference given in the book to the conditions of the United States. He does not urge Government control of these unions except where great inequality is likely to do harm. This, also, is his attitude with regard to other questions of Government action, such as rate of interest, coinage, transport, and others, mentioned afterwards.

Distribution is the result of the social nature of economics. The author here makes an elaborate justification of profits, treating them as the separate share of the entrepreneur. In dealing with the labour problem, he shows approval of strikes as a final instrument, and describes trade unions in their twofold aspect, "militant" and "fraternal." He does not think that co-operation, in any of its many forms, will be the solution of the labour problem, but has great faith in the power given to society in its present form by enormous increase in production, if this power should be wielded by an enlightened social conscience.

In dealing separately with exchange, Dr. Seligman writes only of money, credit, trade, insurance, and transport, since other questions of exchange have already been included. He says little of bi-metallism, except to point out the errors upon which he thinks that it is based. He treats the tariff problem with moderation, and considers that there is room for protection in certain cases, because social development is still going on through the medium of separate nationalities. He naturally does not touch on the points which especially concern Great Britain in this connexion, viz. dependence on foreign countries for food supply, decadence of rural life, colonial preference, and so on. On the other hand, many pages are devoted to railway problems which do not apply to this country.

The conclusion does more than sum up the results of the foregoing. Dr. Seligman here examines the question of Government control. Of socialism, he remarks, "When the world is ready for socialism, socialism will be unnecessary." Yet he does not advocate a *Laissez faire* policy, which, he says, would lead ultimately to anarchy. Government must steer between over-rigidity on the one side and the permission of harmful abuses on the other. This is well expressed, but it would be clearer if Government were not spoken of as an outside force. This method of speaking (as exemplified in the phrase "Man *versus* State") leads to obscure thought. So-called "Government interference,"

especially in a democracy, is better conceived as the action of the community as a whole.

The final subject is poverty. The author distinguishes between relief and prevention of poverty, naming the Poor Law as an instrument of relief. Could it not conceivably be used also as a preventive of cumulative poverty? He deprecates any means of preventing poverty, which would mean diminution of total wealth; and concludes that the best method is to raise the general social level. Again, it is not clear whether this is to be done by self-interest only, or whether it must mean self-sacrifice somewhere.

Then Dr. Seligman sums up the economic position. We are now in the phase of great industrial capitals, leading to enormous production; meanwhile, science is international, and nations themselves are moving towards the democratic ideal. The part of the economist is to help in the adjustment between the various forces. From his outside position, the economic student can see them all in their relative positions; and as the science grows, it will be looked to for direction in practical life. The author is sanguine for the future; and with the last words of the book, he declares that economic science "is the basis of social progress."

This book is useful in showing the bearing of economics upon all life; its tone is fresh, hopeful, tolerant; yet it contains close and sound economic argument. Its omissions make us want to know more; and the defects in its arrangement make us think more—it is pre-eminently a stimulating book.

M. W. MIDDLETON.

ENGLAND'S FOREIGN TRADE IN THE NINETEENTH CENTURY. By ARTHUR L. BOWLEY, M.A. [165 pp. 8vo. 2s. 6d. Sonnenschein. London, 1905.]

One must confess to some feeling of disappointment in reading the preface to this revised edition of "The Cambridge Cobden Essay" of 1902. One looks to be supplied with well-established data whence to deduce one's own conclusions, instead of with other people's inferences, resting on one knows not what unsound premises. Such data, with the newest light, we hope for from Mr. Bowley. Unfortunately, as it appears to the present writer, he has thought well, in view of the present acute stage of the tariff controversy, to limit his revision of the body of the book to incorporating the figures of the Board of Trade Blue-book of 1903, Cd. 1761, in his diagrams and tables. New matter is almost confined to a few pages of appendix.

In making any honest attempt to ascertain and sift the evidence

bearing on the tariff controversy, we are very soon confronted by serious *lacunæ* in our information. One cause of the exaggerated importance attached to our export trade as an index to the briskness of the demand for labour is the absence of any comprehensive and trustworthy index to our internal trade as a whole. Official returns of the output in certain home industries there are, no doubt, *e.g.* in that of agriculture, but of the total output in all departments of industry, only a vague generalization can be arrived at from reports in trade journals.

The extent of our colonial and foreign investments, and of the debt owing to us by other countries for acting as their ocean carriers, are other matters upon which accurate knowledge is lacking. In its absence, argument is reduced to describing a circle. After all due allowance made for the necessary difference in the values of exports and imports indicated by the mysterious initials *f.o.b.* and *c.i.f.*, the excess of our imports over our exports remains, year in, year out, immense. The assumption is obvious that this excess is not presented to us gratis by a grateful world. We must be doing something to earn it. But that this is merely assumption, though supported by reasonable inference, is proved by Mr. Bowley's table at p. 133. Here the average value of annual imports for the five years ending with 1902 is given as £440 millions, and of exports as £270 millions, leaving a difference of £170 millions. To make them balance, Mr. Bowley subtracts from the former £85 millions as representing interest on capital invested abroad, and adds the like sum to the exports as representing earnings of shipping. These sums are expressly described as "approximate estimates," and indeed can be nothing else, since the chances that our earnings from money lent should exactly equal our earnings as carriers are sufficiently remote. But that the present extent of our official statistics brings us no nearer to accuracy than an "approximate estimate," even by a recognized authority, on so important a question is of itself sufficient to prove the urgent necessity for widening the field of those statistics.

C. H. D'E. LEPPINGTON.

CONSTRUCTIVE DEMOCRACY: THE ECONOMICS OF A SQUARE DEAL. By W. E. SMYTHE. [457 pp. 8vo. 6s. 6d. Macmillan. New York, 1905.]

In spite of a somewhat pretentious title, and an unpromising opening, this is a very live book. The reader has, it is true, to get through some few pages allotted to a period vaguely described as "the beginning," when "the earth was owned in common" (how does Mr. Smythe know it was owned at all?); but after these preliminaries we

are plunged into the heart of American life, into the story of a nation struggling in the throes of its economic and social regeneration. The great trusts and monopolies are shown to us here as the work of men of colossal business capacity and foresight, literally "inventions," like the power-loom and the steam-engine, destined to transform the conditions of industrial life and enormously to increase the heritage of society. Railroad monopoly, for instance, gets rid of the huge waste of capital and labour which results from the competition of two lines running side by side for a service which might be performed by one. "Every economy effected by the consolidation of rival carriers . . . is a gain for civilization." On the other hand, the monopoly, vested in private hands, as it is now, is governed by the consideration of dividends, not of the country's welfare. Industry is hindered in its developments, and the expansion of population to the more thinly peopled regions has to wait for the precise moment when the six great magnates controlling the railway system think it will pay them best to increase facilities for transport. The power to fix railway rates is, within certain limitations, the power to fix the price of commodities, and therewith the net income of large bodies of producers. The evils on the political side are so well known that they need not be reiterated here. "The railroad influence is the foundation-stone in the structure of political corruption. . . . How to preserve the enormous benefits, and at the same time avert the prodigious perils—that is the problem of monopoly. We cannot abolish monopoly itself any more than we can abolish electricity. But we made electricity the servant of man, and we must make scientific industry and commerce the servants of man."

Mr. Smythe's proposals for dealing with this problem are based on those of Senator Newlands, of Nevada, who last year presented a resolution to the Senate, proposing to unify and simplify the railroad systems of the country, and to place these systems under State control. The leading principles of control are to be—the regulation of rates; the substitution of a percentage tax on gross receipts for the present harassing taxes on property and stock; and the fixing of dividends at a certain percentage based on a present valuation, so that the unearned increment of the future may be devoted to improvement of service or wages, or to the lowering of rates. Mr. Smythe claims that on these lines alone can justice be done both to capital and to the public, security obtained for the stockholder, and exploitation prevented. He looks forward to State ownership as the ultimate goal of regulation, but thinks society is not as yet ready for so drastic a change. Mr. Smythe's proposals may need criticism in detail, but it can hardly be denied that they form an

important contribution to the subject. The oil magnate or the railway king is for him not only the modern counterpart of the pirate or free-booter, taking toll of the public for his own private ends, but also an unconscious embodiment of the social will, seeking how to lessen waste and cheapen production for the common good. This is a noble idea, and lights up even the sordid side of the subject with a glow of hope and faith in the future. Perhaps some day our Andrew Undershafts will be set to serve their fellow-men with those transcendent abilities that are now too often spent in exploiting, if not slaying them.

B. L. HUTCHINS.

LA FEMME DANS L'INDUSTRIE. Par R. GONNARD. [283 pp. 8vo. 3 fr. 50 c. Librairie Armand Colin. Paris, 1906.]

The place taken by women in industry is ably though briefly treated by M. Gonnard in this book. He appeals to his readers for justice, not charity, his aim being to establish women's work on a sound economic footing, and not only to advance philanthropic schemes.

First, he describes women's work in general. He points out that woman's work, outside the home duties, is no new thing in the world, but that since the industrial revolution, it has entered on a new phase. At the same time, these home duties take a larger place than people recognize, and they must be included in any review of women's work.

The next chapter deals with women's work in France. This is taken in two ways: first, as regards different occupations; secondly, as regards different localities. No mention is made of conscription, but no doubt it partly accounts for the comparatively large number of women employed in agriculture—a fact that strikes an English reader. Women's labour in factories is taken separately, and the question discussed, whether factory legislation is advisable, and, if so, how far it should be extended. The first part of this question seems to have been already sufficiently answered by practical necessity; the second part is not fully answered here, though the author is anxious for further legislation in some directions, or, at least, for increased inspection.

In a chapter on wages, M. Gonnard not only laments the low rate of women's wages, but also makes a calculation of *real* wages, *i.e.* wages in relation to expenditure. He then urges that wages should be more firmly secured to women; this may seem to be a mere question of detail, but doubtless there are many abuses connected with the payment of wages. Among other cases of insecurity, the author deprecates the seizure of earnings by creditors; this raises the subject of indebtedness, and needs fuller treatment than he can here give to it. Even

more important than wages, though partly dependent upon them, is the choice of lodgings, especially for women who are obliged to live alone. Charitable effort has done much in this direction ; but it is still difficult for the ever-increasing number of women employed at factories to find suitable domiciles ; and the difficulty is becoming a pressing one in Paris and elsewhere.

Passing now from factory labour, the author goes on to tell the sad tale of women employed in their own homes or in small workshops. This introduces the subject of the sweating system. A translation into French of Hood's " Song of a Shirt " recalls the terrible evils of this system—the low pay, unhealthy surroundings, long hours, and the tyranny of the middleman. How are such well-known, but far-reaching, evils to be combated ? Here M. Gonnard leaves the colloquial style of the earlier part of his book, and becomes more insistent, more serious. He considers that the doctrinaire remedies sometimes suggested are impracticable, because out of touch with existing facts. It is impossible, for instance, to limit women to the work of the *ménage* ; it is equally impossible to make the State accept a complete system of Collectivism. Such theories as these ignore the facts of economic life. Women are paid according to the value of their work, not in proportion to their needs. This is well pointed out by M. Gonnard, who then concludes that, so long as their work is required in industry, nothing but an inconceivable force could confine women entirely to home life, however desirable that might be.

Instead of these theories, M. Gonnard suggests more prosaic, but not less valuable methods. The first is the extension of combination among women workers. This is the obvious way of enabling labour to compete on fair terms with capital ; it is, in fact, the only way of giving to the labour side of the contract the necessary staying power. Difficulties here are immense. The isolation and the ignorance of the women workers have hitherto checked such association. Yet it must be the next step, and there is already sign of improvement in this direction. Another wise remedy suggested is the increase of technical training. This would raise the standard of women's work, and would check the competition of those inefficient workers who often do not actually need their earnings. The lace industry in Italy and elsewhere is given as an example of what this training can do. The author says nothing of the economic effect of the manufacture of luxuries, nor does he enter into the question of State protection. But he urges the fostering of industry by means of training, even if it has to be done at first by charitable effort, before the industry can take its due place in economic competition. This leads us to the third remedy, which is to

be found in the duties of consumers. At present, these duties are largely ignored. M. Gonnard speaks of the responsibility of the buyer; the good that can be done, and has been done, by societies or individuals, who arrange only to deal with those shops where the workers are fairly treated. Even as it stands, the remedy is a slow one; it takes time to educate the public conscience, and more time still to organize the necessary inquiries into conditions of labour.

The work might end here, but the last chapter suggests a new possibility. M. Gonnard declines to look upon the steam-factory as the final method of production; he thinks it possible that a new stimulus may be given to domestic industries by the use of electric motor-power in the homes. This suggestion is interesting; and the author ends his book with a note of hope, in spite of the fact that much of it has been a record of sadness.

This book illustrates the modern tendency to find an economic basis for all social reform. It is calculated to inspire interest in women-workers, yet the author seldom appeals to emotion; he wishes rather to arouse the sense of justice. The employment of women is looked upon here from the point of view only of the women themselves; the book does not profess to be complete: but it is none the less useful and suggestive. The earnestness of its tone cannot fail to carry conviction.

M. W. MIDDLETON.

SHORT NOTICES.

MANCHESTER BOYS. By C. E. B. RUSSELL. [176 pp. 8vo. 2s. 6d. Sherratt & Hughes. Manchester, 1905.]

It is an old puzzle why anything so pretty and cheerful as a lamb should grow into the dull and ugly animal we call a sheep. Those who have had anything to do with the boys of the working classes have experienced in their case something of the same feeling. The real tragedy of many men's lives is that once they were boys. Behind the intemperance, and thriftlessness, and laziness of the "unemployable" lies a stage of growth when none of these things were his. Aristotle—wise man—says somewhere that for nearly half of their lives the good and the bad are very much alike—when they are asleep (what reforms might not be worked in the world, if we only had the skill to seize and use the opportunity!); and boyhood is the sleep-time of the man, in which he is being formed and developed for good or bad.

This is why hardly any social work is more valuable than that done by a comparatively small number of volunteers, up and down the land, in the boys' clubs. In the boys' club all the work is of the best sort, for it is preventive; in the boys' club a man may detect the beginning of all the social problems—the effects beginning to show themselves of bad houses, poor food, unsuitable education; the first attacks of the temptations to intemperance or impurity; the growing habits of idleness or gambling; the miserable falling away into casual employment; the wholesale manufacture of unemployables. A good and keen club manager can deal with these things individually and personally in a way that no one else can; and it should be more generally known how much is already done in this respect, and what enormous possibilities there are for future work.

For these reasons we welcome Mr. Russell's little book, which describes the Manchester boy and his ways with the knowledge of a true friend, and the hopefulness of a real Christian. Manchester, it is clear, is facing this problem manfully, and on a larger scale than we are accustomed to in London. Mr. Russell will wish his book no better fate than to encourage others to start similar work in all our large towns and cities. Wherever there are men there once were boys, and wherever there are boys there will some day be men. And from either point of view "the club's the thing."

ESSAYS ON ECONOMICS. By H. STANLEY JEVONS. [280 pp. Small 8vo. 5s. Macmillan. London, 1905.]

The larger part of this book is devoted to an interesting attempt to extend the use of diagrams from the sphere of ascertainable figures into the region of the emotions which govern the activities of man, and which have no real statistical criterion.

The pleasure felt by a boy eating chocolate is reduced to a curve rising through anticipation to fruition and falling through the stages of satisfaction to the zero of repletion. The limitation in the use of such curves is obvious. There is not, and there cannot be, any unit of emotional intensity which will enable us to compare the pleasure curves of different persons. As Mr. Jevons admits, "there are no numerical data upon which to found the curves," at the same time he hopes that by every individual constructing personal curves for every article, a basis of comparison may be found in the total pleasure obtained during a certain period. But because A. finds that smoking yields him a higher percentage of his total pleasure than it does in the case of B., it by no means follows that B. enjoys smoking less than A. Still, for clearing the mind of the individual upon the subject of pleasure,

and affording a rational basis for the family budget, these curves are no doubt useful.

In the following essays Mr. Jevons gives an excellent summary of the theories of rent, and of the division of the rewards of labour. He considers that the provision of relief works to balance the fluctuations of the labour market is a possibility. Certainly books such as this, which enforce clear thinking, will help to make it more than a possibility.

THE BREWING INDUSTRY. By JULIAN L. BAKER, F.I.C., F.C.S. Illustrated. [178 pp. Crown 8vo. 2s. 6d. Methuen. London, 1905.]

This is one of Messrs. Methuen's "Books on Business" series, and besides much excellent technical matter, contains a temperate statement of "the case for the trade." This alone is of interest to the general reader. We cannot say we are convinced by Mr. Baker's arguments. He appears to assume that the publican and the brewer should be allowed to conduct their business operations as freely as any other tradesman. He forgets that the publican is a privileged individual, granted a special licence, which the public has a right to control. His belief that the increase of facilities for drinking would tend to sobriety by increasing the sale of fermented drinks at the expense of spirits requires more proof. However, as we said, Mr. Baker writes temperately, and well, and the book is worth the consideration of his opponents.

DIE STELLUNG DER FRAU IM MENSCHHEITS LEBEN.

Von DR. JOSEPH MAUSBACH, Professor an der Universität Münster. [116 pp. 8vo. 1 mark. Gladbach. Zentralstelle des Volksvereins für das Katholische Deutschland, 1906.]

The Vicar Apostolic's *imprimi permittitur* tells us that we have here a strictly orthodox disquisition. God made us male and female, and we must not invert the order. Woman is to be man's helpmeet. However, that does not mean that she is to be man's inferior. She has a noble calling and noble duties reserved for her. Professor Mausbach offers some very useful suggestions as to the character to be given to her higher education in accordance with this. It is exceedingly satisfactory to find him condemning that wholesale employment of women in factories and in agriculture, which is still one of the blots upon German social economy. On the whole the little book is to British readers rather instructive as to what prevails in Germany, than suggestive as to what might be adopted here.

THE SOCIAL TEACHING OF THE BIBLE.

THERE is at the present time a great amount of very genuine zeal for social service and social reform. And much, though not all, of this zeal has a distinctly religious ground. By giving to the word "religious" a wide sense, and not identifying it too closely with Christianity, it might be not wrong to say that nearly all the disinterested enthusiasm in the social cause, which is really widespread in these days, is at bottom religious in motive. The eager, high-pitched minds which are keenly alive to the intellectual difficulties of the age seek to escape importunate questionings by throwing themselves into social work. The religious instinct impels them, though they can no longer respond to the claims of systematized religion. That they should take this course is one of the good signs of the times. And we whose interest is on the side of systematized religion should gladly recognize its value: not only is it something substantial saved from the wreck of reasoned faith, but the survival of these instincts holds out the best hope for the recovery of something more in the end.

It is, however, characteristic, not only of this class, but of a large proportion of the sincere Christians who are active in social work, that their religious zeal is greater than their knowledge. Their motive is religious and definitely Christian; but if they were asked exactly why and how their social work is based upon their Christianity, their answer would really be vague. They do give some study to the intricate problems of sociology, but few of them are theologians, and their knowledge of the data from the side of theology is a good deal vaguer and looser than it should be.

It is rather a digression from my proper work at this moment, if I try to contribute to an improved knowledge of this kind.

I am afraid that I have not time to do so on a thorough scale and with anything like a survey of the literature of the subject, but I will attempt, for my own use as well as for the reader's, to group and define the facts a little, as I seem to see them scattered over the Bible; and I hope that the result will not be widely misleading.

If by social teaching we mean teaching that deals directly with the right and the wrong of social institutions, there is a great deal more of this in the Old Testament than in the New. What there is in the New Testament is, as we shall see, almost wholly negative. In the Old Testament we not only have direct criticism of a leading institution of the organized State—the monarchy, but we have also, growing out of this, something like an ideal theory to take its place. The subject is interesting, and deserves a few words of detail.

It is well known that two versions are given, one earlier and the other later, of the origin of the Monarchy: the first (roughly speaking) contained in 1 Sam. ix. 1—x. 16, xi.; the other in 1 Sam. viii.; x. 17 ff.; xii. According to the first version, the appointment of a king grew naturally out of the circumstances of the time, and the institution itself was, at least at first, beneficent and praiseworthy. According to the second version, the institution, though accepted as having a Divine sanction (1 Sam. viii. 22), is regarded as marking a decline from a higher ideal, and the abuses to which it was exposed are strongly stated. It is obvious that, when the first account was written, the tradition was still fresh, and experience had not yet brought out the other side of the picture. The second account, on the other hand, was prompted by later unfavourable experience.

If we could take the text of the Book of Judges just as it stands, there would have been some precedent for the theory of declension. In Judges viii. 22, 23 (R.V.), the men of Israel are represented as coming to Gideon, after his victories, and saying, "Rule thou over us, both thou, and thy son, and thy son's son also: for thou hast saved us out of the hand of Midian." And Gideon replies, "I will not rule over you, neither shall my son rule over you: the Lord shall rule over you." But the

probability is that these verses are an insertion of much the same date, and representing the same spirit, as the later narrative in 1 Samuel.¹ The fact was that Israel began its history as a somewhat loose confederation of tribes, but the pressure of hostile neighbours forced it into closer union, the advantages of which were apparent under the early monarchy, but by degrees came to be forgotten; and by degrees the previous history came to be presented in an idealized light as a true theocracy. This word "theocracy" dates only from Josephus;² but by his time, and indeed long before, the constitution which it expresses had come to be thought of as the natural and right constitution of God's chosen people. The theory was not carried out consistently. Sometimes the older theory prevailed, and sometimes the later. Sometimes a neutral view was taken: a special law was laid down for the king in Deut. xvii. 14-20; and all through the monarchy, from David to Zedekiah, the prophets might be found standing by the side of the king and acting as his advisers.

The complete conception of the theocracy, as it prevailed in later times, may be said to have grown up out of three causes: (i.) Experience of the evils of the actual monarchy; (ii.) Experience of the possibility of a quite tolerable existence, especially from a religious point of view, even after the loss of the nation's political independence; (iii.) The gradual concentration of thought and interest among the best elements in the people upon religion, to the exclusion of everything else. The idea of the theocracy was thus in part empirical, but in part an embodiment of Israel's highest aspirations. It has practically nothing to do with theoretical republicanism or socialism.

The political organization of Israel was a natural product, in the first instance, of its nomadic antecedents; and, later, of such modifications of the primitive arrangements as followed from a more settled life.

At once the oldest and the most permanent of all forms of authority was that of the heads of the families, or "elders." This lasted through the whole of the Biblical period, Old

¹ Cf. G. F. Moore, *ad. loc.*

² *C. Apion.* ii. 16.

Testament as well as New. There was a natural distinction of greater and lesser families. The leading families in the towns acquired an importance corresponding to that of the town to which they belonged. By their side an aristocracy was formed from among the officials of the monarchy and the personal followers of the king, as well as by the growth of wealth. The kind of authority wielded by these upper classes was not legally defined, but was assumed on the one hand, and not questioned on the other. In Israel, as all over the East, it was constantly exercised in a violent and oppressive manner. The Old Testament is full of denunciations of social oppression. We may take a single specimen out of hundreds :—

“The Lord will enter into judgment with the elders of His people, and the princes thereof : It is ye that have eaten up the vineyard : the spoil of the poor is in your houses ; what mean ye that ye crush My people, and grind the face of the poor ? saith the Lord, the Lord of hosts ” (Is. iii. 14, 15, R.V.).

Nothing is more a matter of course all through the Old Testament than this oppression and injustice on the part of the rich and powerful, and the ceaseless cry of suffering that went up from the poor and defenceless. Not less unremitting is the assertion by the Biblical writers of the Divine protection accorded to the poor. Nietzsche is quite right in thinking that Biblical religion is the religion of the weak, at least in the sense that it exerts its whole strength in maintaining the cause of the weak against the strong.

The Old Testament does this in a number of ways. The oldest Hebrew law-book, the so-called Book of the Covenant (Exod. xxi.–xxiii.), has the most careful provisions with this object. Stress is laid on the strictest impartiality in the administration of justice (xxiii. 1–3, 6–8). Generous consideration is to be shown to the poor, the widow, the fatherless, and the stranger. The anger of God shall light upon those who afflict them, their own wives shall be widows, and their children fatherless (xxii. 21–27). In like manner the slave is especially cared for (xxi. 20, 26, 27). The Sabbath is to be a day of rest for all that labour (xxiii. 12). There is an almost Christian

touch in the command that, if an enemy's ox or ass is found straying, it is to be returned to him. "If thou see the ass of him that hateth thee lying under his burden, and wouldest forbear to help him, thou shalt surely help with him" (xxiii. 4, 5). All these features stand out in the oldest of the Hebrew codes. They are conspicuous by their absence from the (in some ways) more elaborate legislation of Hammurabi.

On the lines of this oldest conception of justice mingled with charity, praise and blame are meted out freely. Here is a piece of well-known portraiture:—

"When the ear heard me, then it blessed me ;
And when the eye saw me, it gave witness unto me ;
Because I delivered the poor that cried,
The fatherless also, that had none to help him.
The blessing of him that was ready to perish came upon me :
And I caused the widow's heart to sing for joy.
I put on righteousness, and it clothed me :
My justice was as a robe and a diadem.
I was eyes to the blind,
And feet was I to the lame.
I was a father to the needy :
And the cause of him that I knew not I searched out.
And I brake the jaws of the unrighteous,
And plucked the prey out of his teeth" (Job xxix. 11-17, R.V.).

Not only is the utmost degree of protection thus extended to the weak, and his cause fenced about with Divine sanctions, but his condition is taken as the ground for a new and special type of moral excellence. There are two words in the Hebrew which closely resemble each other: one (*ānī*) commonly translated "poor" (lit. "humbled," especially by oppression); and the other (*ānāw*) usually rendered "meek" (properly used "of one who humbles or submits himself voluntarily, especially under the hand of God"). In the Psalms and Prophets there is a constant play and interchange of these two words, so that together they form a complex idea. Dr. Driver says of them—

"In meaning the two words differ materially, that rendered 'poor' denoting one humbled involuntarily by external circumstances, while this ['humble' or 'meek'] denotes one who is voluntarily humble

himself; nevertheless they do not differ greatly in application, especially in the Psalms, both being designations of the pious servants of Jehovah, the one term describing them from the point of view of their external condition, the other from that of their mental character or disposition.”¹

There is no type of character in regard to which there is a closer continuity between the Old Testament and the New. It is strongly emphasized in the “Magnificat” (Luke i. 51–53); and it is exactly the “poor in spirit” of the first Beatitude (Matt. v. 3). The parallel to this in Luke vi. 20 has “the poor” simply; and it is probable enough that the first Evangelist has defined the meaning of the original. Still there is little doubt that his interpretation is right, and in any case, for one who was familiar with the Old Testament, the transition of meaning was easy. It has, of course, often been pointed out that St. Luke, or one of the documents that he uses, lays stress upon literal riches as a hindrance in matters of religion. In doing this he is only extending somewhat the principle laid down in Mark x. 23–25; Matt. xix. 23, 24: so that such parables as Luke xii. 15–21, xvi. 19–31, reflect truly the teaching of Christ. Of the other New Testament writings, the Epistle of St. James has most to say on this head (James i. 9–11, ii. 6, 7, v. 1–5).

On this point, as I have said, there is a real continuity between the Old Testament and the New; but, speaking more generally, we may observe a difference between them. It would be not wrong to describe a good deal of the Old Testament teaching as *social*. The Hebrew prophets were also in the highest sense patriots; their message was a message to the nation, to the king, and to all classes of the people. The people of Israel was at once a recipient and an organ of Divine revelation. And it was this in its corporate capacity as a nation. For the right discharge of its calling in this respect, it was necessary that the body politic should be kept in full health and vigour. Hence the prophets address their exhortations to one class after another, reminding each in turn of its duty. But they speak to whole classes, and to individuals very largely as members of classes.

¹ *Parallel Psalter*, p. 446.

In the New Testament it is different. Here the organ of revelation is no longer the nation. It is true that Christ confined His own preaching to Israel; but that was only because it was necessary to begin somewhere, and "salvation was of the Jews." Really, Christianity was intended for the whole world, and accordingly its teaching was from the first independent of national conditions; it was meant for man as man, and the consequence was that local barriers were soon broken down. It soon came to be perceived "that God is no respecter of persons; but in every nation he that feareth Him, and worketh righteousness, is acceptable to Him" (Acts x. 34, 35). The gospel was addressed to the individual, *because* it was universal.

The revelation thus ceased to be political; and, in ceasing to be political, it also ceased to be in the strict sense social. It was the object of the prophets to keep all classes up to their duty; but now that object receded into the background. Mankind was no longer contemplated in classes. So far as any classes were recognized at all, they were classes in the Church, and not in the nation. Apostolic exhortations take the place of the old exhortations of the prophets; but they are aimed at the members of the Christian society as such, and not at the Roman empire (*e.g.* Rom. xii.).

This was all in pursuance of the example set by Christ Himself. We are perhaps, at first sight, surprised to find Him so distinctly disclaiming any mission to civic or civil society in its own name. There is the well-known instance in which He refused to arbitrate in a civil case: "Man, who made me a judge or a divider over you?" (Luke xii. 14). And even more significant is His refusal to be drawn into the controversy as to the legitimacy of the Roman rule: "Render unto Cæsar the things that are Cæsar's, and unto God the things that are God's" (Mark xii. 17, and parallels). The principle thus asserted is valid for the whole of Christianity. The apostles, like their Master, accept political and social institutions as they find them. This is the explicit teaching of Rom. xiii. 1-7, and of 1 Pet. ii. 13-17. It was equally the teaching of the Early Church.

It is not to be denied that the acquiescence of Christianity in

existing institutions, simply as existing, constitutes something of a problem. The problem is felt especially in the case of our Lord Himself. There is nothing to prepare us for such detachment as He showed in the Jewish expectation as to the functions of the Messiah. If some one had come to one of the ancient prophets with the request that he would do justice between himself and his brother, it is hardly likely that he would have been sent empty away. He might have been, perhaps; but at least there would not have been felt to be any incongruity in the question. Still less would there be incongruity in the Messiah assuming a like function. The Messiah was the viceroy of the heavenly King. But the first duty of a viceroy would be to execute justice. These considerations really do raise a problem, which we must try to solve. And the solution appears to be twofold. Partly, it turns upon the nature of our Lord's Messiahship; and, partly, it turns upon the still wider character of His mission and incarnation.

(i.) We are coming by degrees—I might quite well have said, by slow degrees, because it has taken nearly nineteen centuries to clear up our ideas on the point—to understand the nature of our Lord's Messianic claim. It is becoming more and more impossible to question His complete conviction that He was the expected Messiah. At the same time, we are beginning to realize, and I believe that we shall realize still more before long, that the Messiahship of our Lord must be taken as a whole, and not limited to His earthly ministry. This ministry was really the first preliminary stage, during which the Messiahship itself was latent rather than declared. Our Lord Himself took steps, not to proclaim it, but to prevent it from being proclaimed. He imposed silence upon His disciples, and upon those who partly penetrated His secret. And He did not Himself assert it in direct terms until He stood on His trial before the high priest. The indirect language in which He spoke of the "Son of Man" was no real exception to this; and the greater part of what was so said had reference, not to the Messiah in His state of humiliation, but to His second coming—which to most of His hearers was simply His "coming" (or *Parusia*)—in power and

great glory. It was to this (second) coming that the function of judgment and sovereignty belonged, and not to the first.

That is one half of the explanation why our Lord did not interfere with existing institutions, but took them just as they were. It is essentially the same reason which prompted the words of St. Paul—

“But this I say, brethren, the time is shortened, that henceforth both those that have wives may be as though they had none; and those that weep, as though they wept not; and those that rejoice, as though they rejoiced not; and those that buy, as though they possessed not; and those that use the world, as not abusing it; for the fashion of this world passeth away” (1 Cor. vii. 29–31, R.V.).

When the Messiah really came to His own, there would be a great transformation, “new heavens and a new earth.” But the hour for this had not struck. Before it could strike, the Son of Man must needs die and rise again. And, even when He had risen, the expectation was not to be fulfilled literally and at once, though inspired men like St. Paul and St. John came to see that it was really being fulfilled in a sense that they had not anticipated.

(ii.) The other half of the explanation is that the incarnation of our Lord Jesus Christ was different in its method and working from anything that had happened under the elder dispensation. The fact that the instrument made use of by God under that dispensation was a chosen people, or nation, with its organs, priest, prophet, and king, necessarily involved some admixture of political and social action. When the time came that God spake to a later generation by His Son, there was no longer the same necessity. The mission of the Son was purely religious, and His whole mode of action was purely religious. With the state of things outside religion He did not meddle. He took it as it was, and left it as it was, though the mass was leavened with a new force that was destined to permeate and transform it in time. This method of working by means that were religious and nothing else, was really more searching and efficacious than any other method would have been. It did not obtain its results at once; for many of its results the world had to wait, and is

waiting still. But really, as Dr. Inge has lately pointed out, there is plenty of time to spare, the gospel is as yet only at the beginning of its full activity.

How the gospel has acted in the past, it is not difficult for us to see. Christ came to Palestine, and He found it under Roman and Herodian rule, doubtless with not a few political and social abuses. He did not directly attack those abuses, but He set causes at work that were sooner or later to correct them. For instance, He found the institution of *telōnai*, or tax- and toll-collectors, who were hated and despised by their fellow-countrymen. He did not hate nor despise them; neither did He denounce their office: but He made many converts among them; and those whom He did convert, He changed thoroughly and for good. He did not bring Zacchæus before the courts, and compel him to disgorge his ill-gotten gains; but He did speak a word to his heart, that made of him a new man.

And what we see here on a small scale, may be seen also on a large. Slavery is another widespread institution with which Christ did not interfere. Neither did He interfere with it, nor any of His apostles. St. Paul expressly tells his converts that, if they were called in a state of slavery, they were not to try to change their condition. If freedom were offered them, they might take it; but, otherwise, they were to be content to remain as they were (1 Cor. vii. 20–24). The slave who became a Christian only had an added obligation: it was his duty to serve “as unto the Lord, and not unto men” (Col. iii. 22–24). And in like manner the master was not called upon to manumit his slave. But, although the relation of master and slave was thus left untouched, the spirit underlying it on both sides was completely changed. We have only to read the lovely little Epistle to Philemon, to see the effect that Christianity had upon slavery. Not only so, not only did Christianity at once begin to mitigate the evils of slavery—to make the relation a beautiful one, rather than the reverse—but it also implanted a principle that was destined, in due time, not only to transform the relation, but to abolish it. It was the religious motive, more than any other, that ultimately led to the abolition of slavery.

If Christianity had attacked the institutions of ancient society, it would have exposed itself to the law that those who take the sword shall perish by the sword. It would have shared the fate of the new institutions which it brought in. It might have been, what some contend that it was, a rising of the proletariat against the propertied classes. If it had been this, it might conceivably have succeeded for a time, but the pendulum would soon have swung back, and the world would have gone on its way as before. The foundations of the kingdom of heaven were really laid much deeper than this. They were laid in the hearts of men. They were embodied in principles that were independent of any social or political institutions, and that might be practised equally under all. These principles were possessed of an inherent power which, although it did not touch the outward form, infused into it a new spirit. It is really that spirit which, wherever it has been allowed free course, has done more than anything else to regenerate and reform human society.

Bad institutions worked by good men have had a happier effect than good institutions worked by bad men. That is not an argument against trying to improve the institutions; but it does prove that the forces which determine whether men shall be good or bad are the master-forces in civilization.

W. SANDAY.

TARIFF REFORM.

IN the present controversy concerning the fiscal policy of this country those who advocate change start with a double disadvantage. Their opponents are commonly styled free traders, as though they were fighting against the attempted abolition of free trade; and they themselves are called protectionists, a name which seems to stand for one of two types of protection:—either such as existed in this country in the first half of last century, or such as we see to-day in the United States. The tariff reform policy differs in form and spirit from either of these. Unlike them, it will be adopted in the interests of the great majority, in order to improve the material condition and prospects of the working classes, who form seven-tenths of our population.

If, indeed, we had free trade, that is, free exchange of commodities, the present controversy could not perhaps exist, for I think all parties would agree that the leading commercial nation should then be the last to desire any alteration in a state of things from which she stood to gain most. It is, of course, possible to speculate whether free trade could ever be more than an ideal under modern conditions—without, that is to say, universally equalized cost of labour. But whether so or not, the present is no controversy between free traders and protectionists, but one between those who, though unable to obtain free exchange of goods between this country and others, think it is well for us to retain our one-sided system of free imports and taxed exports—between, that is to say, free importers—and those who, holding such inaction to be dangerous, desire to adopt a moderate tariff, defensive, not prohibitive in scope.

The term protectionist also fails to define the wider aims of the tariff reformers—namely, to take the first step towards the

eventual establishment of free trade within the empire, and for the present to unite all its parts into one great fiscal whole by mutually advantageous agreements. They see no other means by which imperial union is to be approached. Political bonds are by common consent reduced, in the case of our larger colonies, almost to vanishing point. The daughter states would welcome no union based upon proportionate shares in the burden of naval and military defence, for at present they think they neither want the burden nor the defence. Sentiment we have, and sentiment is invaluable: but it is not action; it can merely serve as a motive for action. We are therefore left with only one present means of concrete union, namely that of commerce. We have but to follow the lines upon which the states of America and, more recently, our own federations of Canada and Australia have been built up. There have always been great difficulties to overcome, one or other state even holding aloof for some time; but in the end the interest of one has been found to be the interest of all. We are surely not to hold our hands because we see even greater difficulties in our way. I cannot understand how the fear can justly be entertained, that we are in danger of creating discord rather than union. The leading statesmen of our colonies, with rare exception, have expressed themselves as keenly desirous of union on such lines: the Premiers have in no ambiguous terms made similar declaration in their resolutions at the Imperial Conference in 1902. And they have done more. Three of the colonies, Canada, South Africa, and New Zealand, have already taken the initiative, and given preference to our trade, avowedly as a first step towards fiscal union. They can at present do no more, for the economic policy of the mother country blocks the way.

Unlike ourselves, the colonies have not offered a free market to foreign nations; but have imitated those nations and adopted protective tariffs, which they believed were necessary to the growth of their industries. For that very reason they will not be ready to let in free the produce of Great Britain, the leading commercial power. But they are willing to place on our goods lower duties than on those of our competitors: and the practical

value of this is seen in the fact that our exports to Canada, which previously were declining, have doubled since 1898, when a preference of 33½ per cent. was given. But if they give us preference we must in return give them preference—must, that is to say, put a duty upon imports from foreign countries, always excepting raw materials, and admit imperial imports free. This implies, of course, the adoption by ourselves of a general tariff, a change so radical that we do well not to embark upon it without full consideration of its bearing upon our interests.

In order to obtain any adequate idea of the past and probable future effects of fiscal policy upon our trade, it is necessary very briefly to review our modern industrial development and the conditions under which it took place. In England throughout the seventeenth and eighteenth centuries strict protection was in force. The latter half of the eighteenth century witnessed the start of the present industrial era. Then invention followed invention: the steam-engine and machinery revolutionized production, and immense progress followed the adoption of coal for fuel, instead of wood, which was becoming scarce. Machinery caused the working people to group themselves round factories, whose position was determined by the accessibility of coal. In this way a great change gradually came over the population of England: manufacturing interests grew rapidly in importance; and the development of industrial centres from that time made the population of the northern counties preponderant over that of the south. At the same time there was a marvellous increase of wealth. At the beginning of the nineteenth century, therefore, though the government of these islands was still in the hands of the land-owning class, the latter beheld the growth of an element whose interests were beginning to clash with their own. They therefore embarked upon a selfish policy, increasing the protection of agriculture so as practically to destroy competition. By the Act of 1815 importation of foreign corn was forbidden till the home price reached 80s. a quarter. Very high protection also was placed upon raw wool, silk, and cotton, in order to encourage solely the use and keep up the price of

home-grown wool. Such is the legislation that tariff reformers are often to-day charged with desiring to reintroduce. Population was meanwhile increasing very fast, and wages were therefore extremely low; but combinations of working men for any purpose being illegal, discontent chiefly found expression in smashing the machines which appeared to be the direct cause of displacement of labour and of distress. Dear corn seemed to them at that time to be as much a part of the natural order of things as does dear tea now to us.

In 1824 the growing power of the middle classes enabled the manufacturers, under the able leadership of Huskisson, to obtain the repeal of most of the heavy taxation of raw material. And this important measure appears more than any other during last century to have assisted the growth of our manufacturing industries, general protection of manufactures and prohibitive duties on imported corn being still in force. To give some idea of the progress of our commerce in those years, many statistics could be quoted, such as that from 1818 to 1839 the numbers employed in our cotton factories rose from 57,000 to 469,000: but it will suffice to cite a passage from Alison,¹ in which he says:—

“There is, perhaps, no example in the annals of mankind of a nation having made such advances in industry, wealth, and numbers, as Great Britain has since the Peace. In the thirty years that have elapsed since the battle of Waterloo, during which it has enjoyed almost uninterrupted peace, its population has increased more than half, having advanced from 18,300,000 to 28,000,000; its imports have doubled, having risen from £32 millions to £70 millions; its exports have more than tripled, having swelled from £42 millions to £130 millions, exclusive of colonial produce; its shipping has doubled, having grown from 2,800,000 tons to 5,000,000 tons. During the same time the agricultural industry of the country has signally prospered; the dependence of the nation on foreign supplies has steadily diminished.”

Owing, however, to rapid increase of population and consequent abundance of labour, the working classes, who had not yet any voice in the State, were in a very miserable condition. Land-owners and farmers made large fortunes, but in bad years the

¹ *History of Europe*, vol. xiv.

workers came near to starving. Yet it took Cobden the best part of ten years of agitation, amongst the now more powerful middle classes, to compel the Government to repeal the corn laws in 1846. As late as the year before repeal, the Queen's speech included these sentences :—

“ I rejoice that I am enabled on again meeting you in Parliament to congratulate you on the improved condition of the country. Increased activity pervades almost every branch of manufactures ; trade and commerce have been extended at home and abroad.”

This, by-the-by, affords a curious parallel to a passage in the King's speech at the opening of the present Parliament. Indeed, Cobden expressed himself in the very year before repeal as feeling quite hopeless concerning the result of his noble work, when suddenly the failure of the potato crop in Ireland, and of the corn crop in England, coming one upon the other, gave the agitation such an impetus that it could no longer be withstood.

But the fact stands out clearly that, except in the mind of Cobden and his immediate friends, the agitation throughout was not one for free trade as we understand it. It was a revolt against the unjust taxation in favour of the minority which held power. Cobden himself, inspired by the teaching of Adam Smith, looked upon the repeal of the corn laws as a step towards the eventual establishment of ideal free trade, but as a matter of fact the other protective duties attracted little attention at that time, and were not removed till twenty years later. Cobden saw, too, very clearly that the corn taxes did double injury to our trade ; for in the home market they left a large class of consumers, owing to the high price of bread, little to expend on other commodities ; and on the other hand, foreigners, finding that we would not take their corn in exchange for our manufactures, were forced to manufacture for themselves. It is curious to note that, in spite of the repeal, the price of corn remained about the same for another thirty years. Thus, in return for its selfish use of power, the agricultural interest, when the reins slipped from its hands, received scant consideration ; and we are unable to calculate how far its present

disastrous condition might have been averted, had it been able to retain some small degree of protection.

Cobden looked out upon a world which he considered would only want to send raw material for us to work up and return as manufactures. By his untiring efforts he obtained in some degree a lowering of the high duties which other countries placed upon our exports. Sir Robert Peel, whose change of mind at a critical time alone rendered possible the repeal of the corn laws, had been desirous of keeping our general tariff in order to bargain with foreign nations for reciprocity; and by our treaty with France, subsequently negotiated in 1860, for political rather than economic reasons, we undertook to remove all duties except those necessary for revenue; France, on her part, replacing her prohibitive duties by moderate ones. But that which we gave to one nation, in return for merely partial concessions, we expressly stated we offered to all, though in the case of other nations prompted only by hope of concessions.

It was in this somewhat haphazard way that we came to adopt our present system of free imports, having signally failed to obtain free trade; and the traditional glory attaching to our fiscal arrangements of the last sixty years did not arise from the perfection of those arrangements, but from the fact that they replaced really oppressive enactments. However, our position at that time was so fine that our fiscal policy was of quite secondary importance. We were, and long had been, the workshop of the world; and it seemed incredible that any rival could even come within sight. For some years, indeed, we enjoyed a reduction in the tariff which many nations put up against our manufactures, and our advance continued to be steady and satisfactory.

Looking back, therefore, through the first eighty years of last century, we see uninterrupted progress in the condition and extent of our industries; but what I think most strikes the inquirer is the remarkably small impress left by the fiscal changes above detailed. The removal of the high taxation of raw materials by Huskisson in the twenties seems to have given

our trade its greatest impetus; but it is difficult to trace in the course of our steady development at the time of the repeal of the corn laws and general protective duties respectively signs of any definite impetus originating with those measures. And perhaps this is not surprising; for, if the price of corn did not fall with the repeal of the corn laws, we could hardly expect much benefit to be experienced therefrom. On the other hand, the effect of duties imposed by foreign countries upon our exports must have been comparatively small, when the manufacturing industries of those countries were so very much less developed. Tariff or no tariff, they must then depend upon us for many of their necessities. More particularly there is no justification at all for the claim that the changes in economic policy initiated by Cobden held a causal relationship to our great growth of trade. Both before and after those changes our development was equally such as the world had never seen before, though now the spectacle is somewhat more familiar. It is obvious that expansion, taking place impartially under protection and free trade, so called, indicates that each of those systems was right at the time when it was adopted, or that the influence of either was small. We condemn the corn laws indeed more for moral than for proved economic reasons, for events subsequently proved that the miserable condition of the workers was not due to the price of corn, but to their very low wages—an evil not remedied till they were enabled by protection of their labour to demand a sufficient wage.

Other nations, of course, viewed matters from a standpoint somewhat different from ours. Seeing the prodigious growth of wealth in our island, they could but wish to take a leaf out of our book, and themselves grow into great manufacturing communities. At first, indeed, they were inclined to follow our lead in fiscal policy; but this tendency was soon reversed. With Cobden, other countries saw that universal free trade would mean a perpetuation of the overwhelming position of Great Britain in the world's trade; and they came to the conclusion that the policy best suited to the development of their own industries lay in the direction of higher protection against our exports.

Accordingly, as soon as peace gave them opportunity to set to work in earnest, we find that, about the year 1880, one country after another screwed up its tariff to protectionist level.

We have then for the first time an entirely different state of affairs, such as was neither desired nor foreseen by the school of Cobden. Henceforth, it is not necessary to say whether free trade is, or is not, our best policy; but to inquire whether we can without hurt to ourselves maintain conditions of trading which represent such an important departure from the policy of forecasts of those who initiated our present fiscal *régime*. Inasmuch as we, as a nation, are to so large an extent dependent upon our manufacturing industries, their welfare is of paramount importance, and I think it may fairly be said that, unless good reason can be shown from a study of their present condition, protection cannot be advocated for the sole purpose of improving them. The task of the tariff reformer would then be somewhat different. Wishing to adopt protection for the purpose of imperial fiscal union, he must show that such a policy would not prejudice those industries.

To establish the latter, the negative proposition, it is sufficient to turn away from economic theory and study the experience of civilized countries in the present, and of our own country in the past. We do see under protection, and have seen, development of industries, as great as, and greater than, we ourselves have exhibited since we discarded our tariff. We are unable to point to any material facts, which prove our economic system to be superior. Neither in rate of progress, nor in general well-being, nor in accumulation of wealth, can we claim that we have done more than profit by a very long start, and we are beginning to wonder how much longer we shall be able to claim that. On the other hand, in order to discover what positive effects the policy of free imports and taxed exports has had upon our industries, it is necessary to take the figures for import and export of manufactures, not for one or two years, but through a long series of years, taking account also of the home market, of which, however, no direct figures are available.

We have, fortunately, at our disposal a series of twenty years,

during which trade was disturbed by scarcely any great international events, such as the Franco-Russian war, which sent up our exports in one year by £32 millions. Our policy adopted at the time of the treaty with France had then been continued for two decades, and other nations were more and more raising their protective tariffs. A review of our trade during the last quarter of the nineteenth century shows that in some respects its character has been altering. The total exports, which had for the second and third quarters risen rapidly and regularly, tended to become stationary. On the other hand, the imports showed no check, but rose by over £100 millions. But with the total figures I am not so much concerned; rather with those for wholly and mainly manufactured articles.

In the ten years 1881-1890 our average value per annum of the export of wholly and mainly manufactured articles was £206½ millions; from 1891-1900 only £202 millions, showing an average annual less value of £4½ millions in the second period. The corresponding figures for import of wholly or mainly manufactured articles were in the first decade £87 millions, in the second £115 millions, making an average increased value of no less than £28 millions. Thus it is evident that we were exporting less whilst increasing our import for home consumption, one-sixth only being re-exported. Nor were these imported manufactures such as might be termed raw material for our industries, for £100 millions' worth were almost ready for use, £50 millions' worth being entirely completed. These figures are for us the more important in that our population is so greatly dependent upon our manufacturing industries for productive employment. Agriculture occupies only one-twentieth of our people, whereas the proportion in the United States and Germany is over one-seventh and one-sixth respectively. We had perhaps to expect that more recent competitors should advance at a rather more rapid rate than ourselves; but that we should tend to become stationary affords little testimony to the value of our fiscal policy; rather does it show reason for condemning it: for it must be borne in mind that the output per labour unit, the populations of all countries, consumption

per head, facilities of communication, and markets available, had all enormously increased in these twenty years.

A study of the destinations of our manufactured exports shows that to the principal protected foreign countries there was an annual average decrease in the second period of £7 millions: to the protected colonies a decrease, till Canadian preference was granted; and to all other foreign countries and colonies (unprotected markets) an average increase of £5 millions. This gives point to the demand for imperial preference.

If, again, by further dissection the condition of the export of our great industries is examined, the result is not more encouraging. In the twenty years from 1883 to 1902 our manufactured cotton exports averaged £71 millions per annum in the first half, and £67 millions in the second half, a decline of £4 millions; wool £23 millions in the first, and £20 millions in the second, a decline of £3 millions per annum; iron and steel £25 millions and £24 millions respectively: and our total steel production, which was far ahead of our rivals, America and Germany, has now fallen to third place. In the twelve years up to 1902, our manufactured silk exports fell nearly 50 per cent. That the decline in these industries is not made up by development of other new ones, is proved by the total figures which I have quoted above. Now, were our agriculture in a thriving condition, we might, at any rate, take comfort from the fact that we had assured employment at good wages for a very large proportion of our population, independently of our manufacturing industries; but unfortunately, at the end of those twenty years, agriculture gave employment to 225,000 less than at the beginning. It is anticipated that the moderate duties on agricultural produce advocated by tariff reformers will considerably benefit the farmer; he says they will, and he should know. But it is certain that to effect much, tariff reform must go hand in hand with land reform, and railway reform, and improved organization of the industry. We are, at any rate, and must continue to be dependent upon our manufactures to a very great degree, and yet we find ourselves in the unsatisfactory position of importing more and more of

our food, and not increasing the export of our manufactures so as to pay for it.

Though we do not wish to imitate the economic policy of our chief rivals, the United States and Germany, that policy being the opposite of our own, yet it is necessary to take into account how they have fared under protection. In the same twenty years, the imports of manufactures from all countries into the United States rose from £59 millions to £65 millions, an increase of £6 millions, the exports from £23 millions to £90 millions, an increase of £67 millions. With Germany the imports of manufactured articles rose from £41 millions to £60 millions, the exports from £87 millions to £149 millions, an increase of £82 millions. Thus in each case the movement is the reverse of ours: there is modest increase in the import, very great increase in the export, of manufactured goods. Again, to contrast the exchange of similar goods between the three countries. From 1890 to 1902 our manufactured exports to Germany increased by £½ a million, hers to us by £5½ millions; ours to the States declined by £9½ millions, hers to us increased by £10½ millions. Now these figures all show us a state of affairs which is unsatisfactory and encourages a demand for a change in our fiscal policy; but we have yet to find what direction the change should take. We have seen in our earlier history one sort of protection in the interests of a class, which in our own country could never be revived, involving as it did, high protection of food-stuffs and raw material. The class which solely profited by it has lost once for all the power to renew it, and the masses whom it injured are now those who inspire our policy. We see in other countries in our own time another form of protection, which appears to be designed in its extreme form to further chiefly the interests of the capitalist, enabling him to acquire monopolies, and amass hitherto unheard of wealth. The tariff reformer desires to copy neither of these, but rather to profit by observation of the defects in those other systems and in our own. He wishes to adopt a fiscal policy which shall place our own producers more on a level with their competitors; but to avoid a tariff of such height

as to permit the formation of giant trusts : in a word, his policy is defensive, not offensive or prohibitive.

The economic ideal of free trade was to call into being a state of things in which there would be unlimited competition, wherein, by a process of almost natural selection, nations were to settle down to produce those goods, for the manufacture of which they proved to possess special aptitude. If any body of producers came in the stress of this rivalry to be thrown out of employment by the success of others, then, by a beautifully simple process of adjustment, they, the unsuccessful ones, betook themselves to some other kind of production. The laws of supply and demand would dictate the price which their goods would fetch—that is to say, the amount of wages; there would be universal production at the lowest possible cost. If one nation failed altogether to produce cheaply enough, it must, of course, go down before those that could, and its people must be unemployed and poverty-stricken, with emigration to a more fortunate land as their only remedy.

This ideal presents merely an attempt to imitate the brutal struggle in Nature which results in the survival of the fittest, and the elimination of the unfit. It offers absolutely no guarantee for the welfare of the producer. No matter how much or how little wage he gets, the scramble must go on, provided only that the world enjoys cheapness. Now, a chief preoccupation of civilized people is to protect the unfit; the higher the civilization, the more complicated in every department of life are the means devised for this purpose. And the class which most enjoys and most needs such protection, is the lowest in the social scale, because they live near to actual starvation, and can be so easily exploited by those above them. This the working classes very early in the course of our industrial development fully comprehended, and the result was seen in the great growth about 1833 of trade unionism, so abhorrent to the mind of Cobden and his school, because so foreign to their line of thought. The employer's interest is to get his labour as cheaply as possible; the consumer's concern is to buy his food at as low a price as possible: but the worker's

necessity is to secure a minimum wage. His resort to protection of his labour was irresistible, because logical; but rendered from that moment the old idea of free trade illogical. And the protection of the produce of his labour is equally inevitable. If, by adherence to the principle of a minimum wage, by restriction of hours, by costly State supervision and regulations to insure healthiness of his surroundings during work, the cost of the goods he produces is raised, he cannot consistently allow the free competition with his own of goods produced no matter how, whose price is less, because it has not been enhanced by such restrictions. Under our one-sided system, it is just such competition that our workers have to face—our workers, not our manufacturers; for the latter can invest their capital, put up factories, and employ labour abroad, and so themselves become the competitors of the home producers.

The workers in our country have to suffer in competition from cheapness of three kinds. Firstly, the cheapness of labour in countries where the cost of living and standard of life is lower, and where protection of labour scarcely exists—such as Italy or Japan. Secondly and thirdly, from cheapness artificially produced by the fiscal systems of our chief rivals in trade. In competition with ourselves in our home market the United States and Germany are at this advantage, that they can command free sale both in their own country and in ours; we only in our own. Thus the American can manufacture to supply more than 120 millions; the German more than 100 millions; whilst our own manufacturer has a free market of only 40 millions. The American and the German, that is to say, have free market for a much larger output of any given commodity which we manufacture in common, which is equivalent to saying they can greatly cheapen its cost in production. And there is worse competition than this. Trusts and kartells exist in foreign countries within the high tariff walls, operating so as to keep up prices in the home market. If at any time the demand for goods whose production is controlled by the trust slackens, a drop in price is avoided by exporting the surplus abroad, and selling at cost or below; for where the foreign market is already

supplied, this offers the only expedient whereby a sale can be effected. This process of dumping is practised to a large though varying extent, but those who make use of it, and those who profit by it, are equally interested in preventing the public from gaining any knowledge of it. Some evidence is to be found in the official blue books; more by inquiry of the various trades concerned.

It seems difficult to maintain that the consumer profits by cheapness which undermines his position as producer, and curtails his employment. Whatever the origin of such unfair competition, as long as the price of manufactured imports is below our workers' possible cost of production, which ever-increasing competition at home will keep at its lowest, it amounts to direct robbery of employment from our labouring population. The distributor may make handsome profits, greater perhaps than he is able to obtain on the same articles of home manufacture, but it is not for him that I am at present concerned. This traffic may indeed profit the merchant; it may only entail hardship upon the manufacturer: but it affects the very existence of the worker.

The members of the Christian Social Union make it an object to know the names of firms who do not employ sweated labour, in order that they may avoid purchasing goods produced by inadequately paid workers: and they thereby avow that cheapness ought not to be the most important consideration in determining our purchases; for we must also protect the worker. But what they try to do for the workpeople, from motives of philanthropy or true economy, even though themselves losing by it, that the workpeople are surely still more vitally concerned to do for themselves. They, indeed, cannot ultimately benefit by cheapness acquired at the expense of labour. The modern craze for cheapness is, in reality, the cause of most of our commercial immorality, such as that shown in substitution and adulteration. Cut-throat competition often compels merchants and shopkeepers to proffer goods at a price below that at which they can afford to, the inevitable result being that the price is reduced, but the goods are no longer what they pretend to be.

The chief concern of the worker must always be, not the price of the necessities of life, but the relation which that price bears to the amount of his earnings. In the United States the cost of living is greater, in Germany less, than in this country, yet the relation of the cost of food to the amount of wages is approximately the same in Germany as in England, and in the United States it is actually more in favour of the worker. Given adequate employment, wages rise with cost of living; indeed, increased cost of living is a symptom of increasing prosperity, being greatest in the richest districts. It matters not to the lady who shops in Bond Street that she purchases a herring at six times the price at which her sister in White Cross Street is able to obtain it; though actually dearer, it is to her relatively far cheaper. Save where monopolies, natural or artificial, are possible, the price of necessities will be relatively small or great according to the purchasing power of the consumer. At a time of great want of employment and distress general prices are low, because only at such a level will goods command a sale at all. The small shopkeeper sells less, and reduces the price of articles in his window even to do that amount of business. The price is scarcely remunerative, and he is on the verge of bankruptcy. When the distress is over, he immediately gets better prices for his goods, and sells more. To those earning nothing at all, everything is too dear.

The unfair competition which I have been discussing can only be met by imposing a moderate tariff on manufactures imported by us from the foreigner—a tariff such as shall place our own protected labour on an equal footing with unprotected, and our goods produced by protected labour with those dumped into this country below even the price at which they can be produced in any country. Though it may be said that the amount of dumping has not yet grown to very great proportions, yet it provides highly protected countries with a powerful weapon of attack upon our industries. It is the method by which the great trusts have won their monopolies at home, and, as international competition becomes more keen, it cannot fail to be used more and more against us in our own market—and especially by our

keenest competitor; for, owing to the hitherto rapidly expanding demand in her own market, the export trade in manufactures of the United States may be said to be yet in its infancy.

Every year brings more into prominence the fact that the produce of our labour is being to a greater degree undersold by our foreign competitors, by competitors, too, we are told, who cannot compete in price with us because of their protective systems. It matters not to us if they cannot command at home the articles at so low a price as we can; it matters not to us if they have to work for longer hours. We are concerned only for the adequate employment of our own people. *Protection in labour must entail protection in goods*, and cheapness which ignores such consideration is economically unsound. We are adhering to the letter though the spirit has fled. Our workers demand that all contracts shall be placed in their own town, when possible; in their own country always, though the cost be greater. And yet the same men, misguided by the phrase, "Protection makes the rich richer, and the poor poorer," have not yet seen that they are protectionists at heart, avowedly protectionist in policy. But they will see it.

The producer's one need is a certain future market for the produce of his labour. If we decide now to take no action, we can only fold our hands while foreign countries more and more exclude our manufactured goods. Our protected colonies, as their industries develop, certainly become increasingly protectionist, and, without special agreements, they cannot fail to treat our goods as do foreign countries. The future policy of the remaining neutral markets no one can foretell. The only probable forecast is that nearly all nations will emphasize the policy which is so seriously affecting our chief industries.¹ Our relative share of the trade of our own colonies is decreasing; and it should be borne in mind that already 75 per cent. of the imports of our chief colony, Canada, come not from us, but from the United States. If our producers are to find one foreign market after another demanding less of their goods, their only hope for future

¹ Since these lines were written, the Argentine, Spain, and Japan have all seriously raised their tariffs.

expansion lies in obtaining fair conditions in the home market, and averting exclusion from the colonial. Offering freedom ourselves to all, we find that the imports of wholly or mainly manufactured articles have risen to the enormous value of £142 millions. A large part of this we very properly do import, and shall continue to do so, whatever our fiscal system; but there is also a larger part which might with every advantage be manufactured by our own people, giving them vastly increased employment. The fact that this country imports over £190 millions' worth of food and drink still further emphasizes the need for greater export of manufactures. For the ten years up to 1902 the excess of total imports into the United Kingdom over the amount of exports averaged £165 millions, the amount having risen from £132 millions to £184 millions. This excess is paid for by the estimated annual earnings of our shipping, £90 millions, and the other £70 millions or more from investments or interest on investments abroad. We therefore are yearly paying a larger sum for our imports by money invested not at home, but in other countries,—by money, that is to say, which is financing the labour of our competitors all over the world. Thus the interests of our working classes are being hit in two directions: by the replacement of their labour by unequal competition at home, and by the assistance of our capital to produce abroad goods, a large proportion of which could, and ought to be, manufactured in this country. Our capitalists, indeed, are no losers. Presumably their money obtains better interest abroad than at home; and every country must, of course, have foreign investments. The question is one of proportion.

It is imperative that the state of our industries at home should be rendered such as to invite a larger part of that capital. There is much evidence that the rich in this country are getting richer, and no less that the poor are growing poorer. The labour leaders in Parliament have recently told us so. The worker has only these alternatives—employment emigration, or the workhouse. Emigration constitutes the most direct loss of national wealth, and serves to feed competitors.

Two hundred thousand persons annually leave these shores, and it is the best that go. The workhouse increases rates, and still further handicaps industry,—as must all State-paid remedies, which involve work not actually productive. The only sound remedy therefore is to be sought in the direction of measures to secure and increase the amount of employment available. And the only policy which promises to attain that end is the policy of tariff reform. A representative body of Canadian manufacturers recently declared—

“We wish to make everything we can for ourselves; what we cannot make we wish to import from the mother country. But we must have fair competition. We would have a tariff against Great Britain only sufficient to equalize the cost of production in the two countries.”

That, I think, is free trade adapted to modern conditions.

This study of fiscal reform is not complete without a consideration, however brief, of some of the objections which are raised against it. Perhaps that which has figured of late most prominently is suggested by the picture of a big loaf. Now, under the scheme sketched out by Mr. Chamberlain, which may be regarded as the official tariff reform policy, the workman's food will be less heavily taxed than at present. We raise £15 millions annually in taxation of common articles of food, and pay a 6*d.* tax on every pound of tea consumed. But if the workman has to pay a certain weekly sum into the Exchequer, it can matter not at all to him from which articles of consumption it is raised. It is generally admitted that that proposed duty on foreign corn can add at most a very small amount to the cost of the loaf, and even that small amount is compensated by reduction of other taxation. Such pictorial argument can impress the ignorant for a time, but surely deserves condemnation as a grave misrepresentation. In the recent 1*s.* duty on corn we hit upon a tax which yielded about £2 millions to the Exchequer without any cost to the taxpayer, and yet a Cabinet had to be broken up, rather than the tax should be made to serve an imperial purpose. The tariff reformer does not acknowledge the sanctity of the phrase, “Tax only for revenue;” he is no doctrinaire—his

great aim is, by scientific taxation, to achieve also other ends. Let me illustrate by an example which has just come under my notice. A certain contractor is sending into this country articles manufactured in a foreign country where labour is very cheap, and gives employment there to a thousand hands. If and when we impose a tax of 10 per cent. on the manufactured article, he intends to send in only the raw material, and the work of manufacture will employ home labour. It will pay him better to do so.

An objection which is more intelligently entertained is that any degree of protection makes the poor poorer. How far from the truth that statement is, can be seen from a study of the condition of the worker in states practising even a much higher degree of protection than we advocate, namely the United States and Germany. In both these countries the physical conditions of the labouring classes are superior. We have not only the testimony of working men and others who have travelled abroad with the purpose of ascertaining the facts, but also numerous data in the official blue books (I may here say, that the figures which I have quoted come only from that source). There we find that the normal American workman, who eats an extraordinary amount, has to spend on his food only 41 per cent. of his earnings, the English 48·9 per cent., the German 49 per cent.; and the German Government figures just issued for 1905 show that last year the average consumption of meat food per head was higher in that empire than it was in the United Kingdom. And the total cost of living in the United States absorbs only 77·3 per cent. of the workers' wages, in this country 81·6 per cent.

Both in the United States and in Germany the amount per head in savings banks is much greater, and the percentage of unemployed is less, than in Great Britain. In 1904—a year for us of maximum trade figures till then—our trade union unemployed totalled 6·8 per cent. as against 2·2 per cent. in Germany. These figures appear small as percentages, but out of a total of a million and a half trade unionists, the unemployed would thus number over 97,000; and this is quite outside the vast amount of unemployed casual labour which is so noticeable at present all

over the kingdom. Mr. Lansbury said a month ago to the Guild of St. Matthew, "I want you people to realize the meaning of the fact, that we have 70,000 people in London registered as fit and waiting for employment." We cannot even claim the advantage of cheapness for our poor, for the cost of a large number of staple articles of diet is in this country dearer than in the other two.

An objection often made is that protection would injure our shipping trade; but for this there is no ground. Under protection our shipping increased as rapidly as it has done since, and under protection German shipping, in spite of disadvantages which never hampered ours, has increased more rapidly than our own. Germany imports all materials for shipbuilding entirely free of duty, an arrangement which we surely should be wise enough to imitate, for the cost of shipbuilding would thus be in no way affected. The loss of America's marine, on the other hand, is rightly attributed to historical, not fiscal, causes.

Again it is asserted that owing to our free imports we are at an advantage when competing with protected countries in foreign markets; but the evidence is to the contrary. Those who contrive to undersell us in our own market can equally do so in neutral or protected markets. Moreover foreign countries have systems by which the duty previously charged upon imported articles is remitted if those articles are subsequently exported to another country.

Lastly, the large rise in our trade returns during the last three years is taken as entirely refuting the arguments of tariff reformers. But there is every reason to think that these figures are as abnormal as those which occurred at the time of the Franco-Russian war. The boom is world-wide, and America last year beat every record. On the one hand, owing to the Russo-Japanese war, for many months millions of hands were compelled to cease producing; on the other hand, there was a vast demand for and destruction of goods of every description; and there have been also the movements of big loans. These influences are made clear by a study, for instance, of our exports of cotton piece goods, which by themselves accounted for three-sevenths of the total increase of exported manufactured articles

in 1905 as compared with 1903. Of this increase more than two-thirds were absorbed by the far eastern markets, India, China and Japan.

To sum up: Fiscal reformers desire to adopt a tariff; first, to render possible a fiscal union of the empire; secondly, to secure a preference for the produce of our workers in the markets of our own colonies, which are expanding rapidly, and becoming yearly of greater importance to our trade, but which are fenced in by tariffs, which in the absence of some specific agreement must more and more exclude our goods in the same way as those of foreign countries are doing; thirdly, the tariff reformer desires to place a duty on foreign manufactured imports, in order to render competition more equal, and to make the condition of our industries more assured, thus inviting more capital and enterprise, and affording our workers more constant and certain employment.

F. MARSDEN BURNETT.

RATING AND SITE VALUATION.

ONE of the most striking features of the economic history of the past few decades has been the concurrent and enormous increase in national and local expenditure. In each case the growing burden has forced into prominence the question of new sources of revenue. In imperial finance we have, on the one side, the policy of tariff reform, and, on the other, graduation or other amendment of the income tax—each, no doubt, attached to some special social programme, but each deriving its impetus from the financial necessities of the State. In like manner the call for some relief to the burden of local expenditure has given rise to a demand for a revision of the system of rating with a view to a more equitable adjustment of the financial load. In the case of local taxation, this movement has taken the direction of the separate assessment of sites for rating purposes, with the object of securing from site-owners some contribution to the general expenses of the locality. The primary object of this proposal was purely financial—the drawing of revenue from the owners of the land. It is now, however, designed to serve certain economic ends. It has been urged that if land is rated upon its capital value “not only would all the valuable property contribute to the rates, but the owners of building land would be forced to offer their land for sale, and thus bring down the price of building land.” It is this economic motive which lies behind the proposal to rate land on its selling value, the most distinctive feature of the bills that have been recently before the House of Commons. The vital importance to the community of free access to the land will be readily admitted; and the supporters of the proposal to rate land on its capital (selling) value are commonly content to rest their case on that ground, making little or no attempt to justify such a measure by reference to

any principles of equity. The interests of the State (taking the most comprehensive view of those interests) must override those of the individual; and, while rejecting this basis of site valuation on general principles, we may still find justification in adopting it on the ground that it is vital to the well-being of the community, provided the necessities of the community cannot be supplied without ignoring the commonly recognized rights of individuals. It is the purpose of this paper to suggest that to rate land on its selling value is inequitable as regards the individual, and is not essential to the important economic objects above mentioned.

The question at issue is not merely whether capital value or annual value should be taken as the basis of site valuation. That is rather the form than the substance of the dispute. The real issue is whether the rate should be charged upon the *value in use* to the tenant (the present system), or the *value in possession* to the owner.

The *value in use* of a site is its value to a person who uses it during the period for which the rate is levied, and is naturally measured by the rent (the value in use for one year). *Value in possession* is the value of the site to its owner, and is naturally measured by its market value, by the sum of money which could be realized on its sale. The term capital value is open to objection, owing to the various interpretations that have been put upon it. Value in use might be expressed as a capital sum based upon the rent; and in this sense it is immaterial whether annual or capital value be taken. The capital value, which represents the value in possession, is, however, distinct from the above. It involves certain elements of value not appearing in the former. Of these elements some may be called "contingent," as, for example, the increase in the value in use if the circumstances of the property are changed by the erection of more suitable buildings, etc. Other elements are purely "speculative," and depend upon the possible or probable increase in value that may accrue at some future time, owing to the movement or growth of population or other causes. Should these contingent and speculative elements of value be taken into account for

rating purposes; and, if so, to what extent? That is the problem in its simplest form, and it brings us face to face with a new principle in rating which has hardly received adequate consideration.

A rate is in theory a payment by the individual to the municipality in return for services rendered to him by the municipality. Conversely, the rate should be paid by all the individuals who receive the benefit of such services. The present movement in favour of some revision of the system of rating is due partly to the fact that the payment of the individual is not equitably proportioned to his share of the common services, and, in greater measure, to the fact that an important class (the owners of the land) receive a substantial part of these common services in the shape of an increase in the value of their property, and bear no corresponding share of the common burden. What is the amount of the services enjoyed by the landowners; and in what way can their contribution to the cost of such services most equitably be secured?

Local services are, broadly speaking, of two kinds. There are those services which could be rendered by private enterprise, but which it is found may with advantage be undertaken by the municipality. Such are the supply of water, gas, tramways, drainage, sanitation, and the like. These are essentially conveniences or commodities purchased (compulsorily) by the individual citizen; and they should be paid for in proportion to the advantage enjoyed. In considering the question of site rating, it will be necessary to inquire to what extent these specific services confer advantage on the site-owner. The other class of local services cannot be measured in this simple way. They are not specific services rendered by the municipality to each individual citizen; but rather duties undertaken by the municipality on behalf of the individual citizens. The support of the poor, and the education of the young, and the like, fall into this class. Their sphere is rather the nation than the town. However this may be, there is nothing in the principles underlying them which will assist us in determining this problem of site valuation. For the purpose of this question

it is convenient to treat them in the same way as the specific services above referred to.

Local rates may be divided into two classes. First, and chiefly, there is the local expenditure on purely current services, services which are exhausted in the period in which the rate is charged. Such items as street-lighting, police, drainage, and maintenance of the poor are of this class, except so far as they involve the provision of permanent plant and buildings. The second, and minor, class of expenditure is that of a capital nature, *i.e.* expenditure which not only provides for the current services of the locality and for the upkeep of any buildings or plant necessary to the performance of those services, but which also, by the operation of a sinking fund or otherwise, leaves the municipality in possession of some substantial assets.

In the first class the rate is devoted to purely current charges, and the services are enjoyed solely by those who inhabit the place where such services are rendered. As will be shown later, the burden of such expenditure falls upon the tenant, and the whole of the resulting benefit is enjoyed by him. The ground-owner neither enjoys any part of the services, nor bears any part of the expense. The present method of measuring the services rendered to the individual ratepayer by the rental value of the premises he occupies, is a rough-and-ready method of proportioning the expense which is not free from objection. But while that method is adopted, the "value" of the premises must be their value at the time the services are enjoyed. So far as these purely current charges are concerned, there can be no reason for measuring the services by any other than the present value in use of the premises. To the extent to which the capital value of the rateable hereditament involves hypothetical elements depending upon possible future changes in the value in use of the premises, such capital value would appear to be inappropriate as the basis of the rate. Again, the purely current services are enjoyed by the inhabitants as such; and if the value of the premises is to be adopted as the basis of the rate, the value should be their value to the tenants who enjoy those services, *i.e.* the value in use. The site or the buildings

might be of more value in use to some other tenant using them for some other purpose; but it is difficult to conceive any reason why, in fixing his share of the rate, the actual value of the premises to the present tenant should be ignored, and their possible value to somebody else under other circumstances adopted. So that, as regards purely current services, the value adopted as the basis of the rate should be the value in use to the existing tenant, *rebus sic stantibus*, and should exclude both speculative and contingent elements.

At the time of the Parochial Assessments Act (6 & 7 Will. 4. c. 96) the range of municipal activities was much smaller than at present. Practically the whole of local services were current services; and the above principles were accordingly applied in fixing the values on which the rate was to be charged. That value was to be ascertained by arriving at the rent for which the premises in their existing condition might reasonably be expected to let on a tenancy from year to year, *i.e.* the value in use.

So far, then, as purely current expenditure is concerned, the present system of rating on the value in use is sound; and the proposal to introduce any other value unwarranted.

We come now to the class of capital expenditure. There are certain services which are, strictly speaking, "current" in the above sense, although not exhausted in any particular year. Certain municipal services require the provision of buildings and plant having a life of a considerable number of years, and necessitating a heavy initial outlay. The cost is met by loans, and the burden to the ratepayer is spread over a number of years. If the period of repayment of the loan coincides exactly with the life of the buildings, so that the whole benefit of the outlay is enjoyed by those who bear the burden, the expense is properly a "current" expense; and the basis of the rate should be the value in use as before. Where, however, as is now always the case, particularly in the various forms of municipal trading, the whole cost is met by the ratepayer in a period less than the life of the object in question, leaving the municipality in possession of a valuable asset, the expenditure

is in part a capital expenditure; and the whole advantage is not enjoyed by the ratepayers who share the cost. To the extent to which the expenditure is a capital expenditure, the services are enjoyed by the owners of the ground and not by the tenants, the owners being enabled to appropriate such advantages in the shape of increased rents. Here we find the real ground of the proposal to depart from the value in use as the basis of rate valuation. To what extent does it justify the proposals that have been made to rate sites on their market value as cleared sites or otherwise?

It is important to remember that a rate is a charge upon individuals, and not upon properties. The value of the property is merely the mechanical basis of dividing a common charge among the separate individuals concerned. The rate is a payment by the individual for services rendered. The principle that the burden should be shared by all those, and only by those, who enjoy corresponding services is a clear and definite principle, and enables us to state exactly the conditions under which rates should be borne by site-owners as distinct from site-occupiers in the rated area.

First, we may consider the case of what is described above as the "contingent" elements of value. It is urged that in some cases sites might be put to more profitable uses than at present, and that the greater value the site might possess under certain hypothetical circumstances should be adopted as a basis of rating, rather than the value the site does possess under actually existing circumstances. There are many complex conditions to be taken into account. The owner may also be the occupier. Here he is free to make what changes he pleases in the use of the site. We are bound to assume as a working hypothesis that he does actually use the site to the best advantage to himself in his own judgment. It may be that, in his opinion, it would be disadvantageous to him to pull down the existing premises or in any way change the present use of the site, possibly because such a change now would prevent him from taking full advantage of the improvement of the locality a few years later. In such a case the

services he enjoys are measured by the present value in use to him. Later on, he may consider the moment opportune to change the use or condition of his property. When such change takes place the increased value is realized, becomes the value in use, and then properly forms the new basis of his rate. Again, the owner of the site may have leased it for a considerable number of years; so that, whatever the changes in the circumstances of the locality, he has no power to interfere in the use of the property, and no power to draw any additional advantage from it during the term of the lease. Such an owner enjoys no additional services during this period, and cannot equitably be charged any additional rate. During the period of the lease the leaseholder enjoys any increment in the value of the site. He stands in the position of the owner-occupier above; and is properly rateable on the value in use of the property to him. At the expiration of the lease, the site-owner comes into the full enjoyment of the "capital" services rendered; and, enjoying services, becomes liable to his share of the corresponding burdens.

We may take the case of the owner of land on the borders of a growing town. The land is let for grazing, and the rent represents the value in use. A demand exists for small residential property, the land thus having a contingent value as building land over its actual value in use as grazing land. It is possible for the owner to realize this contingent value by erecting or permitting the erection of such property. He may, however, believe that in ten years there will be a demand for substantial shop property in the same locality, and, in a further ten years, a demand for important offices or factories. The problem before him is a difficult one. If he takes the first step, and builds houses with a life of fifty or sixty years, he may at the end of ten years find that the value in use as residences is much less than the contingent value as shops; and he must either sacrifice the unexpired life of the houses and pull them down, or he must bear the rate on the contingent value without any compensating advantage. The same difficulty faces him at the later period. In such

complex circumstances the only practicable course is to leave him as the best judge of his own business ; and to assume that, under all the conditions of the case, near and remote, the actual value in use is the site's highest value to him at the moment. When, as in the previous case, he considers the moment opportune to realize the advantages of the developing neighbourhood, he realizes the contingent value, which then becomes the value in use, and the appropriate basis of the new rate.

Further, it may be pointed out that the charging of the rate on the contingent value may have other undesirable effects. It may, for example, force the premature development of the site ; and although some additional rate may be obtained at the moment, such gain might be more than counterbalanced by preventing a more profitable use of the site in the near future. Buildings are not annual growths. They cannot without enormous loss be pulled down whenever the rating authority considers that the site could be more profitably used ; and this fact to a great extent destroys the case for assessing contingent values. Moreover, where it is to the real advantage of the site-owner to postpone the development of his property, the imposition of the site rate will not of necessity force the site into the hands of the builder. It is possible that, if the site-owner be of small means, he may be compelled to sell the site under all the unfavourable conditions of a forced sale, the site falling into the hands of more substantial persons, who, obtaining the site on such favourable terms, can doubly afford to abide their time for building. The rate would then merely inflict an injury on the poorer owner, while at the same time it failed to force the land into the hands of the builder.

So far, then, as the contingent value is concerned, the principle that the rate is paid for services rendered necessitates that the rate should not be levied till the contingent value becomes a value in use, *i.e.* the municipality should not realize the rate till the site-owner realizes the services.

The speculative element in capital value presents an even stronger case in favour of the principle of adopting the value in use as the rating basis. Land on the outskirts of large

towns, for which there is no present demand as building land, not infrequently changes hands at prices greatly exceeding its value as agricultural land. The land is so purchased in the belief that in a few years a demand will arise for building sites, the purchaser contenting himself with little or no present return on his outlay, in the hope of realizing a substantial profit in the future. What possible reason can be suggested for charging rates on a value that has no relation to the existing circumstances of the property, that may never be realized at all owing to the development of the town in some unexpected direction—as some land speculators have found to their cost? The land may lie in a parish quite removed from the town on whose expected growth the speculation is based, the rates charged upon it not entering the coffers of the municipality which provides the services of that town. The services actually given in the parish itself in return for the rates paid may be merely the services of an ordinary rural parish. To charge rates on a value which has no connexion with the value of the property to any present user is as difficult to justify as to charge a man income tax on £1000 a year, although he only makes £500, on the ground that he is pretty sure to make £1000 in the future if he sticks to his business and the population grows.

The case of such rural land lying beyond the borders of the town is distinguishable only in degree from that of sites within the town limits. The latter is indeed in a weaker position, inasmuch as such sites are in general already built on, the existing buildings forming an additional obstacle in the way of realizing the speculative value of the site.

We come, then, to this position. Where the value of a site is increased from any cause (such as local capital expenditure growth of population, etc.) the increase in such value measures the services rendered by the locality to the site-owner, and therefore measures his legitimate contribution to the local revenue; but that contingent and speculative elements of value should be ignored until they are realized and become values in use. As the services rendered to the site-owner are measured

by the increase in the value in use at one moment over the value in use at some earlier moment, and as the value in use is measured by the rent for which the property would let on a yearly tenancy, site valuation becomes a question of the known rent, and not of the hypothetical market value of the cleared site. The inclusion of buildings in the ordinary rent renders it necessary to express the site valuation in the form of a capital value, and not a yearly value. The capital value in use of the site *plus* buildings bears some definite relation to the rent. Twenty-five years' purchase of the net income would not be an unreasonable figure. From this capital value must be deducted the value of the buildings, the balance being the value of the site. The value of the buildings is an easily ascertained figure, free from the complexities of contingent and speculative elements of value which affect the site alone.

Adopting the value in use as the correct basis of site valuation, we may inquire what advantage may be expected from a separate site rate, and in what way the site-owner's pocket can legitimately be reached. The mere division of the rate and the charging of part on the site-owner would not in itself afford the tenant relief, provided existing contracts were respected, or if, such contracts being set aside, the site-owner were left at liberty to enter into a fresh contract with the tenant. For all practical purposes, what the tenant saved in the shape of diminished rates he would pay in the shape of increased rent. In one instance this might not be the case. Where the rent was fixed for a long period under a lease, the difficulty of forecasting exactly what the future rates would be might result in a rent in favour of the tenant or the reverse. The more secure position of the site-owner and his comparative monopoly would probably leave him the advantage of the bargain. The division of the rate would enable a more equitable allowance for repairs, etc., to be made; but the result of this would mainly be a readjustment of the burden of rates between the various occupying ratepayers, and would not affect the position of the site-owners as a body. It would tend to lessen rents in the more important parts of the town by increasing the rates, while tending to increase rents on

the borders of the town for the opposite reason. If rates are charged on the tenant on the value in use (as the measure of his share of the local services), and, in addition, a rate is charged upon the site-owner in respect of the realized increase in the value of the site (as the measure of his share of the local services), a somewhat different result is obtained.

Recurring to the division of local expenditure as that on purely current charges and that on capital charges, the incidence of the rate is broadly as follows: Rates expended on purely current services, where the service is exhausted with the expenditure, fall on the tenant. Such rate is not, as is sometimes assumed, ultimately paid by the landowner. The payment of a rate to the municipality for the services of a municipal scavenger differs in no way from the payment of a wage to a privately employed dust-remover. Each is a payment for services rendered at the time; and, as such, neither falls in any way upon the site-owner. It is true that if, in some one town, dust were removed for nothing, the fact would tend to increase rents by attracting population; but to argue back, and suggest, as is sometimes done, that the site-owner therefore ultimately pays the cost of dust-removing, is mere idle playing with words. Certain conditions modify this principle in practice. Besides, efficient current services are now provided in most towns. The same remark, as to attracting population, applies where these current services are more economically managed than in competing localities; while the reverse is the case where, owing to extravagance or faulty management, the current services are more expensive. For all practical purposes, however, where the tenant pays a rate and receives its full value in current services, the rate falls upon him, and cannot be shifted to the ground-owner. Where a separate rate is charged upon site-owners in respect of their realized increment in site values, such rate, so far as it is applied to the expenditure on current services, has the effect of cheapening such services to the tenants; and this, in its turn, tends to a general increase in rents. The effect of such special rate so applied would therefore be to diffuse the unearned increments of individual site-owners over the whole body of site-owners in the rated area.

Capital expenditure, *i.e.* the rate, or so much of the rate as does not come back immediately to the tenant in the shape of current services, but is extracted from him to create assets of value to the municipality, has the same general effect *at the moment* as an increase in the relative cost of current services. It tends, therefore, to hinder the growth of population, and so to delay the normal increase in rents. To the extent to which such capital expenditure falls on the site-owner, increase or decrease in such expenditure does not affect the tenant. The rate levied on realized increments in site values, and devoted solely to such capital expenditure, could not be thrown back upon the tenant, and would remain a charge on the site-owner. Where such capital expenditure conferred exceptional advantages upon the occupiers, the general body of site-owners would obtain some return in increased rents due to the attraction of population.

The realized increase in the value of sites as measuring the municipal services to the site-owner is but another name for the unearned increment in site values. From what has been said above it would appear that, so far as such unearned increment is rated for local purposes, it would be of most advantage to the inhabitants if such rate were applied solely to capital charges. This could be done by the more speedy redemption of loans on water, gas, tramways, and other municipal undertakings; and—perhaps more important if the future advantage of the community is considered—to the purchase of land within the “sphere of influence” of that particular community.

As regards the amount of the unearned increment and the method of assessing and collecting the charge thereon, reference may be made to an article by the writer in the *Economic Review* of April, 1906. It is also shown there that the site-owner could not escape his share of the local burden by selling the site before the contingent or speculative values were realized as values in use; while, so far as the land monopoly is a hindrance to the proper development of a town, the difficulty could be removed by conferring upon the municipality power to acquire the land on fair terms. Such purchase price might be either the assessed

"value in use" with some moderate compensation for compulsory sale; or the current market price of the property less one-third of the unearned increment in such market price (as the capitalized amount of the rate the local authority would otherwise have received). The application of the rate on the unearned increment to this purpose would pave the way to untold advantages to the community in years to come.

The suggestion here made towards the solution of the rating problem is, (1) a rate upon occupiers on existing lines, (2) a rate upon site-owners based upon the realized unearned increment, (3) full powers to the municipality to acquire land. It may be of advantage to compare these proposals in which the site rate is based on the value in use with those embodied in recent bills, where the site valuation is the site's selling value, or value in possession. On the point of revenue, the immediate advantage lies with the latter; the ultimate advantage, just as surely, rests with the former. The economic advantages would remain almost entirely with the system suggested above. Where there existed a genuine demand for building land, owners could not create an artificial value by withholding land, since the compulsory powers of the municipality would enable it to acquire such land. The land monopoly, so far as it is an element in the housing problem, would be a thing of the past. The application of the site rate to the main purpose of purchasing land would also enable the municipality to acquire much or all the land in the building zone around the town; and this, in its turn, would give the public power to insist that the town should be extended according to some general plan, and not in the haphazard fashion usual where the land remains in private hands. The selling-price valuation, so far as its object was to force land into the builder's hands, would not confer equal advantage. The market price of the land exceeds its agricultural value, not only where there is an immediate building demand, but for a considerable radius round the town, where the building demand is prospective only. However heavy the rate, it would fail to force the whole of the land in this zone into the builder's hands, for the simple reason that the building demand would not be equal to the

supply. Where there existed a real demand for building land, the builder's operations would no doubt be facilitated; although even there the unhealthy stimulus to speculative building that would result, with its inferior work and want of uniformity in relation to the general extension of the town, would pave the way for certain difficulties in the future.

What would be the position of those landowners in the rating zone who, while burdened with this site rate, could not find any immediate building demand? Many would be compelled to sell at a price which discounted the future rate, the purchaser being thus enabled to hold the land for an indefinite period. In many cases such a course would inflict upon the seller hardships which it would be difficult to justify, and which the method of the realized unearned increment would avoid; while it would carry with it no advantages which would not be attained in greater measure by the free use of the municipality's powers of purchase.

Perhaps the most important question is this: Is it to the best advantage of the community (not only near but remote) that the land should be forced into the hands of the builder while itself remaining in private ownership, or that the community should become the owner of the land in the building zone, and so exercise a uniform control over the building operations, and secure to the public the whole of the resulting increment in value? It is believed that the suggestions here made would lead to that desirable conclusion, and, moreover, would do so without inflicting hardship upon any individual.

A. HOOK.

THE CONTROL OF PUBLIC EXPENDITURE.

AT the general election no subject, after the all-absorbing fiscal question, proved more interesting to the voters than that of the growth of public expenditure, and the increased taxation in consequence of it. From the parliamentary point of view it is fortunate that the fact of a greatly increased expenditure is generally admitted, and admitted to be an evil. It may be assumed also that a great majority of members in the last Parliament were anything but satisfied with the way in which supplies were voted. To the least experienced among them the conviction must have come that the House of Commons had practically abdicated, or had been dethroned from, the position of governor and guardian of the people's treasure. It is only necessary to record the fact that, in the session of 1902, £12,088,571, in that of 1903, £5,235,117, in 1904, £33,339,740, and in 1905, £50,727,720 of supply, from the estimates alone, were voted without any discussion, under the rule passed in 1902, to show that a *primâ facie* case has been made for a review of this great function of the House of Commons, viz. the care of all expenditure, the charge of the people's treasure. A growing disregard for economy has undoubtedly marked recent sessions, and such a symptom points to a great danger.

Here, therefore, it is proposed to treat of the control of expenditure by the House of Commons. Of course the departments have a large part in the conception and administration of the national expenditure, and very little knowledge of their work is sufficient to convince us that much might be done, especially in the administration of the fighting services, to improve the spending of the money voted by the House of Commons. Here we must confine our field of view to the

House of Commons itself, at work upon the supply of money to defray the cost of His Majesty's various services. The laws governing that procedure are not so well known as they should be; the knowledge of that procedure is very limited outside the House; that procedure is itself of a defective character: and it might be possible once again to point to means which promise to improve the method adopted to superintend and to sanction expenditure, means which should result in a considerable saving, and a consequent fortification of the national health.

There is another constitutional reason why attention should be directed to this matter of control of public expenditure, viz. that the House of Commons enforces "ancient and undoubted privileges" in having sole power to impose any tax, or to supply money for any purpose touching the Public Exchequer. It does not permit either the Crown or the Lords to do anything of the kind. But this "undoubted privilege" is an additional reason why the House of Commons, and its management and control of the public purse, should be a matter of keen solicitude to every citizen.

How does the House now control and manage the public finances? By standing orders of the House regulating procedure on all matters involving the grant of, or charge on, public moneys, and also by law regulating the expenditure of public money by the departments, and all matters pertaining to that expenditure, such as the preparation and presentation of the estimates, audit, and so forth. The general procedure of the House of Commons respecting expenditure is founded on the rules dealing with public money generally. These rules may be summed up by saying that the House will not consider any proposal to raise money, or to spend it, except upon the recommendation of the Crown by one of its ministers, and that only in a committee of the whole House. Further, since 1866, it has been a rule that a motion for a grant from, or charge on, the revenue shall not be considered except upon an appointed day. Then we come to rules of a more detailed character—those governing supply, and ways and means. "Supply" means sums of money voted for the service of the various

public departments; and "ways and means," the taxation, or other financial steps necessary to secure the revenue from which such expenditure is met. This part of the "standing orders" is of very short standing, having been ordered as recently as 1902. Here it is directed that the estimates—that is to say, that part of the public expenditure which is not fixed by statute, as are the Civil List, the salaries of speakers or judges, the "charge for the service of the National Debt, and so on—shall be considered for not more than twenty days, being days before the 5th of August, provided that three days more may be appointed during the session. On the last day but one, *i.e.* on the nineteenth or twenty-second day, at ten o'clock, the chairman stops discussion, and proceeds to put every vote not passed already; and on the twentieth or twenty-third day he puts any votes left unvoted on report. The result has been that very large sums, the outstanding votes, have been passed without any discussion, and control has become farcical; for estimates might contain very objectionable proposals, so far as the House of Commons knows officially. It is conceivable even—nay, it is known—that votes of some departments escape any Parliamentary examination. That the revision of 1902 has left the standing orders of the Commons in an unsatisfactory condition may be seen from the fact that one (18 (2)) appears as follows: "If any member be suspended under this order, his suspension on the first occasion . . ." What the member suspended on the first occasion suffers, or what becomes of him, the "standing" orders say not. This fragment does say, however, in confirmation of other results, that the orders, as they stand, are not satisfactory.

Order No. 75 directs the appointment of a standing "committee of public accounts," which sits to examine the accounts, showing the appropriation of sums granted by Parliament to meet the public expenditure. This committee consists of eleven members, nominated every session, of whom five form a quorum. This Committee of Public Accounts, which has done excellent service recently, comes into contact with the comptroller and auditor-general and his assistant, officers of the Treasury, who are placed in an independent position by the favourite device of

placing their salaries on the Consolidated Fund, and not on the estimates voted annually. That the device is quite successful is not so clear, for there appears to be considerable jealousy of this officer on the part of the Treasury, which is, perhaps, necessarily, the governor of the whole administrative engine. The result, however, is that the auditor-general is not so independent as it is desirable that he should be.

This great officer of State works under the provisions of the Exchequer and Audit Act of 1866, which prescribes his duty, and directs the preparation of the estimates of public expenditure to be placed before the House of Commons. Under this Act daily accounts of the gross revenue have to be rendered to the comptroller and auditor-general. All payments out of revenue must be sanctioned beforehand by Parliament. A quarterly account of the income and charge on the Consolidated Fund has to be prepared by the Treasury, viz. to the 30th of March, 30th of June, 30th of September, and 31st of December each year, together with the debt due on the 5th of April, 5th of July, 10th of October, and 5th of January, and these accounts have to be sent to the comptroller and auditor-general, on whose certificate the Bank of England, or Ireland, may advance sums that may be short on the quarter, if any. A similar procedure governs other credits required from time to time. A special requirement is that relating to issues for the Army and Navy, which must be marked as for those services respectively. The Appropriation Account for the 31st of March previous must be presented to the comptroller and auditor-general before the 30th of September, and that, with the Auditor's Report, should be before the House of Commons before the 31st of January following, if the House is sitting, or within a week after it assembles. This applies specifically to the account of the Debt, and sums placed on the Consolidated Fund. With regard to the voted services, the following schedule will show the law and practice of their preparation, and presentation to the House.

SCHEDULE A.

Grants or services to which Appropriation Accounts relate.	Dates after the termination of every financial year to which Appropriation Accounts relate on or before which day are to be made up and submitted.		
	To the Comptroller and Auditor-General by the Departments.	To the Treasury by Comptroller and Auditor-General.	To the House of Commons by Treasury.
Army	December 31.	January 31.	February 15.
Navy			
Miscellaneous Civil Ser- vices (Class I. to VII.)	November 30.	January 15.	January 31.
Revenue Departments, etc.			
Post Office and Packets			
All other voted Supply			

¹ If Parliament be then sitting, and if not sitting, then within one week after Parliament shall be next assembled.

Every appropriation account must be examined by vouchers, and with regard to the purpose for which money was voted. The Treasury authority for expenditure in each case must also be sought, and the Treasury may require a more detailed examination of an account and voucher, while, on the other hand, it may give consent to an application of a grant not in accordance with the purpose for which it was voted. In this last case confirmation must be sought at the next sitting of Parliament.

In preparing his reports for the information of the House of Commons, the comptroller and auditor-general is required to present a separate report for accounts of departments such as the Customs, Inland Revenue, and the Post-office, for each of the seven divisions of the Civil Service, and for each of "the Services," viz. the Army and the Navy. He is required to examine the grant for each service by Parliament, to see that it has not been exceeded, that money from other sources has not been used contrary to the sanction, that vouchers are produced, and that the account was correct in time, while expenditure was properly chargeable against the grant. He is also required to present his reports to the House, should not the Treasury do so promptly. All other accounts, *i.e.* outside accounts representing grants made by Parliament, shall be examined and certified by the auditor when the Treasury requests him to do so. He is also

required to furnish the Treasury twice a year—in the first week in February and the first week in August—with a list of the accounts examined, giving the charge and discharge of each account. It should also be recorded that the Treasury has power to dispense with the audit of certain accounts, provided a Treasury minute dispensing with such an audit is laid before Parliament.

Here, perhaps, is the best place to call attention to an Act passed by Lord Goschen, in 1891, the Public Accounts and Charges Act, which, among other enactments, regulates and sanctions a practice which had grown up in the administration contrary to the 38th section of the Audit Act of 1866, requiring every accounting officer to pay the balance of a grant made by Parliament into the Treasury, grants, as a rule, being for the service of the year only. The consequence of the Act of 1891 is that large sums are now retained in the hands of some departments at the end of a financial year, and the estimates for the next year are sanctioned on the basis of net, rather than on the gross expenditure contemplated, as was the case heretofore. This practice of deducting “appropriations-in-aid,” and of taking a net vote, is one which might well receive the attention of the House of Commons.

Recounted thus, the rules of the House of Commons, and the requirements of the Treasury, and Audit Acts, and so forth, seem many, and they appear of a minute and complete character. They have been adopted also after an experience measured by centuries, and a presumption of their value might be suggested by such facts. The practice and experience of Parliament, however, is not such a guarantee of wisdom and efficiency as might appear at first sight. Never, perhaps, has the expenditure of our Government been made with such care as that of a private firm. The fact that public expenditure, or those who conceive and manage it, have not the responsibility for earning the means, must, and does, make a great difference in policy, which is the fount of expenditure. In addition to such general considerations, our recent experience calls for a review of the whole subject. The gross expenditure of the

United Kingdom in time of peace has increased by £60 millions a year. We have not been paying our way recently, but adding to debt, and that also in time of peace. A debate last session, furthermore, made it clear that such regulations of the Audit Act as have been adduced, require tightening and strengthening in practice before the House can acquit itself of the prime duty of spending the people's treasure well. The Reports of the Public Accounts Committee for the past four years are very unpleasant reading, and cause us to feel that the half has not been told. A Royal Commission is sitting at this moment to inquire into the conduct of certain portions of the expenditure, management of stores, etc., during the South African War: the money has been spent, the oats sold, the milk spilled, and the rations have become nasty long ago; but those who know the Reports of the Public Accounts Committee, year by year, must be persuaded that preparations for wise and loyal spending during time of peace are so defective that the loss during war proves greater than it should. In this place it is not proposed to deal with some aspects of this matter which bear a darker character. Last session, however, during the discussion on the Accounts Reports in the open House, it was remarked by all who followed the debate how surprised the ordinary member was, the guardian of the people's treasure, at the tales that were told, and the members of the Accounts Committee who addressed the House were pressed to "go on" with their revelations of lax expenditure, and so forth. A point of great importance in administration, which seemed to meet with general condemnation, was the easy way in which the Treasury used its power to dispense with audits, and sanctioned unauthorized expenditure.

On the administrative side there can be no doubt that Parliament, or rather the House of Commons, should interfere without delay, with a view to a reasonable tightening up. Absolute rigidity cannot be attained, nor is it desirable, but the superintendence of the Treasury over expenditure should be exercised firmly; the dispensing power, if any, used very sparingly; and to sanction unauthorized expenditure should be regarded as a grave action, to be exercised rarely. Beyond

this, however, appears the practice of the House itself, which seems to require much improvement, before public expenditure can be regarded as being regulated with a due sense of responsibility to the taxpayer, and with regard to the larger matters which pertain to the British realm.

Even during the last Parliament it was felt, on both sides of the House of Commons, that the national expenditure had slipped out of the control of the House, which seemed to want the nerve to do its duty. In 1902, however, Mr. Balfour appointed a select committee—

“to inquire whether any plan can be advantageously adopted for enabling the House, by select committee or otherwise, more effectively to make an examination, not involving criticisms of policy, into the details of national expenditure.”

That committee was reappointed in 1903, and presented a Report, together with evidence giving much important information to the reader, the recommendations of which seem to promise a great improvement in the control of public money on the part of the House. That Report has been a dead letter, so far; and meantime the national expenditure has become more unmanageable, the control of the House less and less satisfactory. It is certain that, were the evidence, together with the facts, to become common property, the country's indignation would be great; so wasteful is the expenditure, so nerveless and ineffective the controlling hand of the House of Commons.

The Report deals with the Treasury and its subordinate departments in relation to out-of-door control, and, of course, it considers the practice of the House itself. Of the out-of-door control and practice I select a paragraph touching a matter to which reference has been made already. Mr. T. G. Bowles, a member of the committee, in his paper on interception of revenue, remarks—

“Far indeed have we departed in this modern system of vast appropriations-in-aid from the principle laid down by the Committee of Public Accounts in 1831, that ‘no branch of the administration

should be permitted to dispose of any other funds than those especially voted for its service by Parliament'—and that 'all public moneys should be paid in the first instance into the Exchequer ;'—still further have we departed, in the case both of the appropriations-in-aid and of the payments to the Local Taxation Account, from the equally sound principle affirmed by the Select Committee on Public Moneys of 1857, that 'it is essential to a complete Parliamentary control of the public money that no portion of it shall be arrested in its progress to that fund from which alone it can be issued and applied with Parliamentary sanction.' ”

That is a paragraph of pregnant meaning. Every person who has examined the Public Accounts knows that since 1888 the canons of economy and control, the experience of many a Parliament, have been disregarded, and an era of lavishness, prodigality, and dole-giving has lasted to our own day, the method of all this being chiefly by the two ways against which Mr. Bowles makes his protest. All that, however, is in the hands of the House of Commons, and, were the House to devote itself in earnest to the matter, there can be no question that a reform of very great value might be secured.

How then about the House of Commons and its control of public expenditure? The departments will “spark up” when the House whips up itself, and, perhaps, no sooner. The responsibility for the losses of the South African War, for all the waste of recent years, for any slackness visible in the departments, is the undivided possession of the House of Commons, which for many years past has been content to let the administration in power go its way without effective criticism and control—to the bitter experience of the taxpayer. One of the many things, among the host of good things, expected from the new Parliament, is a release of some burdens, a lessening of taxation ; and it is apparent already that unless the House of Commons looks after its own methods no early remission of burden can be expected. The task before the House, financially, is the old and commonplace one of getting a pound's worth for every twenty shillings spent. That the country has not recently got eighteen shillings' worth for a pound is very probable.

Of course, a thorough reconsideration of national expenditure involves the constitution of the House itself, brings up the question of devolution of legislation for localities and kingdoms, the necessity of separating the duty of attending to imperial and to local affairs. One of the reasons why the control of public expenditure is so perfunctory in the House, and why expenditure is now decided by the Treasury, and even by subordinate departments, is because the House of Commons deals with too many things, and so cannot go into detail on great matters, but does go into the details of a bill to set up a parish pump, or a small gas company—matters which should be settled by a county council. Time spent in such a way results in “scamped” work, of which the British Parliament turns out a large share.

Looking more closely still at the method in vogue to control expenditure, it may be said that it is so antiquated that it does not suit the volume of financial business pertaining to the days of Edward VII., though it might have suited those of the sixth Edward. So recently as 1820 the total expenditure of the United Kingdom was only £57,521,000, of which over £31 millions was for the service of the National Debt. Last year we had a Budget of £161 millions and more, of which the National Debt accounted for about £28 millions. The methods of control are much the same now as in 1820, but the concomitant burdens of the House are vastly heavier. The Select Committee of 1902–3 goes to the root of the matter in the following paragraph :—

“But we consider that the examination of estimates by the House of Commons leaves much to be desired from the point of view of financial scrutiny. The colour of the discussions is unavoidably partisan. Few questions are discussed with adequate knowledge or settled on their financial merits ; 670 members of Parliament, influenced by party ties, occupied with other work and interests, frequently absent from the Chamber during the twenty or twenty-three supply days, are hardly the instrument to achieve a close and exhaustive examination of the immense and complex estimates now annually presented. They cannot effectively challenge the smallest item, without supporting a motion hostile to the Government of the day, and divisions are nearly

always decided by a majority of members who have not listened to the discussion. Your committee agree in thinking that the estimates are used in practice—perhaps necessarily by the Committee of Supply—mainly to provide a series of useful and convenient opportunities for the debating of policy and administration, rather than the criticism and review of financial method and of the details of expenditure. We are impressed with the advantages, for the purposes of detailed financial scrutiny, which are enjoyed by select committees, whose proceedings are usually devoid of party feeling, who may obtain accurate knowledge collected for them by trained officials, which may, if so desired, be checked or extended by the examination of witnesses or the production of documents ; and we feel it is in this direction that the financial control of the House of Commons is most capable of being strengthened.”

In addition to this main suggestion, the Select Committee makes several others of a minor character, but all involve a Committee, or Committees, on Estimates to be appointed by the House.

Of late years, all criticism of financial control and scrutiny ends with this suggestion of Committees on Estimates—a delegation of proposed expenditure to bodies of the House fully empowered to examine the estimates in detail. The Committee on Public Accounts is a very useful body, but it does not check expenditure ; it examines accounts, and only checks expenditure indirectly and insufficiently. By that time the steed has left the stable. A Public Accounts Committee will always be necessary to check accounts, to verify the charge and discharge, to make the accounting officers of each department know that the House keeps the expenditure from first to last in its own hands. Before, however, the House of Commons proceeds to vote the money demanded for the service of the year, it should see for itself how the estimates are built up. We have seen how these estimates, according to the Exchequer and Audit Act, are laid on the table early in the year, and it is apparent that they might be sent immediately to a committee, or committees, for examination. It is the opinion of the present writer, differing in this from the Select Committee of 1902–3, which reported in favour of an Estimates Committee, that no less than four committees should be appointed at the opening of each session to do this fundamentally important work. These committees should,

roughly, be divided as follows—(1) Customs and Inland Revenue departments; (2) the Civil Service Estimates; (3) the Army; and (4) the Navy Estimates. Difficulties on the score of time have been suggested, and they are not to be ignored; but the time ought to be given, and then we should not grudge it afterwards. Of course these committees would report to the whole House in committee, and it would be found that the proceedings in committee would acquire an interest unknown at present—an interest of which a taste was given us by the discussions last session on the reports of the Public Accounts Committee. It has often been said that such committees on estimates might destroy the responsibility of the minister in charge. That objection is dying of old age and inanition. The minister in charge would find his responsibility for the estimates more lively and pressing under such a committee with a thirst for detailed knowledge, and his interest would be quickened accordingly.

A recapitulation of suggestions may be of service in closing this paper. There should be a tightening up in the direction of making the Treasury less ready to sanction expenditure not already authorized by Parliament, and the powers of the comptroller and auditor-general should be strengthened in the direction of independence of the Treasury. In the House of Commons there should be committees, probably four, to examine estimates on presentation, whose duty it would be to report to the House without delay on the details, and even on the policy embodied in them; and, finally, the standing orders of the House touching financial scrutiny and control should be revised, particularly that the limit to the time allotted to Supply should be done away with altogether. It may be said confidently that were the Government to propose that one whole session be given to the overhauling of the administrative departments in relation to expenditure, the proposal ought to be received gladly, though legislation ceased for the time, and that the result should be acceptable to the taxpayer, and very much to the welfare of the whole kingdom and empire.

There is no service which the new Parliament could render

to the burgesses which elected it with such heartiness and expectation that would please them more, ultimately, and prove of greater value, beyond economy and good administration, than were a recovery of the control of the purse to be credited to the performances of this, the second Parliament of King Edward the Seventh.

W. M. J. WILLIAMS.

NOTES AND MEMORANDA.

THE CO-OPERATIVE CONGRESS.—With two exceptions, to which allusion will be made later, this year's Co-operative Congress was without any particular feature. It met in Birmingham, the birth-place of George Jacob Holyoake, and of much social enthusiasm in the days of Robert Owen, but a place whose later history has fallen to the dull level of the political caucus, now used to defend the party it was brought into being to destroy.

The statistics of the year's trading were encouraging, as showing how well the co-operative movement could come out of a period of depression. In many ways the test thus afforded was more trustworthy than that of prosperity, though both have their value. There was the same orderly crowd of delegates, whose voluntary discipline is the only means by which order can be kept, and, of course, there were the same inevitable difficulties of debate. The only way by which questions could really be discussed would be to break up the Congress into sections, after the manner of the British Association. That, however, would be almost impossible to accomplish, and is not likely to be attempted. Declaration, not debate, must remain the primary function of the Congress.

Rarely was the Congress roused into anything approaching excitement, though now and again a storm all but burst upon the assembly. One of these occasions was when a fiery champion of the Co-operative Wholesale Society went out of his way to attack the co-partnership societies which were taking part in the exhibition. But the sense of the Congress was dead against a fight on this question, and the verdict was not given on the arguments used, but on the bad taste displayed in raising the matter at all. Bearing in mind the old conflicts between the two schools, this change in temper is not without its significance. The report of the Central Board met with little or no opposition : the resolutions arising out of it were in the main of no special importance, and its adoption was quite a formal affair, the chairman actually telling the delegates that they need not hurry the discussion !

But there was one portion of the report which aroused keen interest—that referring to Parliamentary representation. A big fight was

expected on this, for the party defeated last year had vowed that they would not "take it lying down." It will be remembered that at Paisley an organized attempt was made to rush the co-operative movement into the political arena. Not content with affirming the general principle, it was sought to attach it to the section in the House of Commons which calls itself Independent, and which is made up of red-hot Socialists and ordinary Radicals. It was ultimately decided to divide the resolution into two parts—the one calling upon co-operators to take greater interest in their representation on all public bodies, including Parliament, and the other declaring for adherence to what is called the Labour Party policy. The former was carried, and the latter defeated by a large majority. This was how the matter stood when the Paisley Congress ended.

But in the interval the men and women who would have to pay had their chance. Circulars were sent out to 1,674 societies, and, of these, only 141 took the trouble to reply. The omissions were fatal to any action being taken, but those which did answer sealed the fate of the motion. No less than 129 were directly opposed to any scheme of Parliamentary representation of co-operators as such, there being only eight in favour of it. This was a crushing defeat for the "politicals," and gave a useful object-lesson in the difference between platform rhetoric and hard cash, between political leaders and co-operative opinion. It was clear that the rank and file were determined to keep their great movement free from political turmoil. As so often happens, their instincts were far safer guides than the superior wisdom of the diplomats.

It turned out, however, that another attempt was to be made to secure Parliamentary representation. This time it was put in the most modest form. There was to be but one delegate selected, and all reference to the so-called Labour party was tactfully omitted. This, of course, brought in the men who wanted direct representation in the House of Commons, but who strongly objected to any alliance with an outside political body, as well as those who desired such a connexion. But the result was an overwhelming defeat of the proposal—a majority of considerably over two to one declining to touch the question. Whilst at Paisley the Congress accepted the principle of co-operative representation in Parliament, the delegates at Birmingham would have none of it in any shape. This does not mean that the Congress was not alive to the duties of citizenship, but that it realized the necessity of keeping the movement free from party entanglements. Certainly the Socialist boast at Paisley that next year they would reverse the verdict then given has proved hollow. The facts show

that a year's consideration has substantially strengthened the opposition to their ruinous policy. Co-operators possess something, hence they are more immune from the virus of State Socialism than the less thrifty.

The other feature of the Congress was the president's ambitious scheme for a kind of universal Co-operative Wholesale Society. There were to be no more independent local societies, but one mammoth concern, with branches in the various districts. It is not necessary to describe the details of Mr. Gray's plan, for it failed to make any impression on the Congress, and has not the least chance of being even seriously discussed in the societies. To think of the Leeds Society, for instance, with a trade of nearly a million and a half, consenting to become a mere branch, with no real autonomy, requires a poetic imagination of a very high grade. Centralization, as it now exists, is not sufficiently a success to justify even its friends in making it such an over-lord as Mr. Gray suggests. It is not quite clear whether he meant the scheme as mere material for debate—a kind of mental appetiser—or as a practical proposal. But, whatever may have been his intention, the result is the same. A Whiteley or a Lipton might do this sort of thing, but co-operation is something more than shop-keeping. Destroy the principle of Home Rule, and what remains may be good business, but it will not be co-operation. So far as so influential a leader as Mr. Gray really entertains the ideas which are the basis of his scheme, there is a danger which requires to be carefully watched. But, after all, it is too small to trouble about, for there is one argument which is unanswerable—it is impossible. That strength is now sometimes dissipated is true, but under Mr. Gray's scheme the forces which alone give motive power to the machinery of co-operation would be destroyed.

F. MADDISON.

THE BRITISH IRON AND STEEL TRADE.—Two books have been recently published dealing with the British iron and steel trade.¹ They form an interesting contrast. The Tariff Commission's Report is firm, vigorous, and decisive; the author of *The Iron Trade* is guarded, hesitating, and undecisive. The Tariff Commission's Report throws a gloom over the whole iron and steel trade, while Mr. Jeans' book forms, as it were, the silver lining to this dark cloud. Mr. Jeans rightly assigns the prominent place in his work to the relation of the English iron trade to that of foreign countries; and the two books, taken as

¹ *The Iron Trade of Great Britain*. By J. Stephen Jeans. [2s. 6d. net. Methuen. London.] *Report of the Tariff Commission*. Vol. I.: "The Iron and Steel Trades." [2s. 6d. net. King. London.]

supplementary to one another, throw much light on this vexed question.

Every one must admit the truth of the figures which appear in big print in the Tariff Reform Report. Great Britain has lost, once and for all, her proud position of pre-eminence as the greatest iron-ore producing country in the world. Until the year 1890 Great Britain headed the list. In 1898 the figures were—

	United States, America.	Germany.	United Kingdom.
World's total output of iron ore ..	26·2 per cent.	21·6 per cent.	19·3 per cent.

while in 1905 the figures are still more striking—

	United States, America.	Germany.	United Kingdom.
World's total output of iron ore ..	42 per cent.	22 per cent.	15·5 per cent.

There seems also little doubt that the non-phosphoric ore fields of Cumberland and North-West Lancashire, hitherto our most valuable sources of supply, are slowly becoming exhausted.

In the production of pig iron also Great Britain has fallen behind in the race. In 1876–80 the figures were—

	United States, America.	Germany.	United Kingdom.
World's total production of pig iron ..	14·9 per cent.	14·5 per cent.	45 per cent.

whereas in 1904 the balance has shifted right round—

	United States, America.	Germany.	United Kingdom.
World's total production of pig iron ..	38 per cent.	20 per cent.	18·6 per cent.

In the case of steel we find the same kind of figures looming large in the Tariff Reform Report.

In 1876–80 the figures ran—

	United States, America.	Germany.	United Kingdom.
World's total production of steel ..	26·47 per cent.	16·67 per cent.	33·33 per cent.

whereas in 1904 they ran—

	United States, America.	Germany.	United Kingdom.
	41·63 per cent.	21·32 per cent.	13·51 per cent.

But it is so easy, as the Tariff Commission finds, to give figures, and so difficult to draw the correct inferences from such figures. It is not enough to tell us that the trade of other countries has increased. Even the most patriotic Englishman cannot resent this increase unless it has been made at our expense. Hence the two vital questions are these : Has the market for the enormously increased production of Germany and the United States of America been gained at our expense ? and has our total output of iron and steel increased in proportion to our population ?

Mr. Jeans quotes some interesting figures, which show that the increased production of Germany and the United States of America has gone very largely to satisfy the home demand. Thus, in the case of pig iron, we find that Great Britain exports 10 per cent. of her total output, i.e. about 800,000 tons, while Germany only exports 1 per cent., or 100,000 tons, and the United States only exports 0·5 per cent., or not more than 80,000 tons.

We find much the same in the case of finished iron and steel products. In 1904 Great Britain exported 35 per cent. of her total output, while Germany exported 25 per cent., and the United States only 4·2 per cent. Thus we find that America produces mainly to cope with the immense home demand for rails, steel frame works for houses, etc., while our only really formidable rival is Germany. Hence we are not surprised to find that, in spite of the enormous growth of our rivals' trade, nevertheless Great Britain exports a larger quantity of pig iron and finished iron and steel products than any other country.

Turning to the still more important question of the total volume of our production, we find a marked difference between the three main subdivisions of the iron industry. In the production of iron ore there has been a decline both absolutely and relatively to the population. In the production of pig iron there has been an increase, about proportionate to the increase of population, from nearly 7 million tons in 1880 to exactly $9\frac{1}{2}$ million tons in 1905. In the production of steel, on the other hand, there has been an increase out of all proportion to the growth of the population—an increase of nearly 300 per cent. in the last twenty years. These figures are curiously corroborated by the Census Report for 1901. We are not surprised at the omission of any reference to the census in the Tariff Commission's Report, but we are surprised that Mr. Jeans has not made use of it, and has given no estimate of the number of men engaged in the iron and steel industries. This omission seems to be typical of the business man's point of view. Production is looked at solely from the point of view of the total wealth which it brings to a country, and never from the point of view of the distribution of that wealth, or of the number of men engaged in the industry. We find in the census returns that the number of people working in iron mines were as follows for the last fifty years :—

1851.	1861.	1871.	1881.	1891.	1901.
19,380	20,626	20,931	25,879	18,158	17,008

thus showing a great decline since 1881 in the number of miners employed. Turning next to pig-iron manufacturers, steel-smelters, rolling-mill workers, iron-workers, blacksmiths, etc., we find that their numbers have increased from 359,000 in 1891 to 400,000 in 1901, an

increase of 11·6 per cent., or an increase almost proportionate to that of the population. But the results in the engineering and machine-making trades are nothing less than astounding. Erectors, fitters, turners, etc., have increased from 82,000 to 159,000, an increase of 81 per cent. ; pattern-makers and machinists from 80,000 to 142,000, an increase of 76 per cent. ; while there was an increase of 173 per cent. in the makers of cycles and motors.

Thus if we look at the output of semi-manufactured and manufactured iron and steel goods, we see a steady advance in some branches, an overwhelming advance in others, a decline in a few, but on the whole a steady advance, more than proportionate to the growth of population. But it will be urged, what of the raw material—the iron ore—which is the basis of the prosperity of any trade ? We have become more and more dependent on the importation of the raw material. Twenty years ago Great Britain only imported a million and a quarter tons, where now she imports over six million tons. Once our iron trade flourished because we had the two staple raw materials—the coal and the ore—close at hand, and so could produce cheaper than elsewhere ; but now we have to import ore from Spain, a distance of about nine hundred miles.

In answer to this, Mr. Jeans points out the interesting fact that, even though we may have to get all our iron ore from Sweden or Spain, we shall still be in a more favourable position for exporting cheaply than either Germany or the United States, as we shall still be able to bring together the raw materials more cheaply than these two nations. Though the United States has unlimited quantities of iron ore, yet her coal fields and iron fields are separated by enormous distances. In fact, no iron-producing country in the world labours under such tremendous disadvantages as the United States. The great iron-ore fields are in the neighbourhood of Lake Superior, while the nearer iron works are at Pittsburg, which is no less than a thousand miles away ; and the cost of transit adds at least another 6s. per ton. Pittsburg, in turn, is several hundred miles away from the sea, and the manufactured iron and steel, if it is to be exported, has to first traverse this extra distance. So too, though Germany has abundant supplies of ore and coal, yet the coal and iron fields are more than one hundred and fifty miles apart, and the two raw materials can only be got together by payment of railway rates to the extent of 7s. per ton ; and Germany also suffers, like the United States, in having her manufactures at a great distance from the port of shipment. England, on the other hand, can import iron ore by sea from Spain (a distance of about nine hundred miles) at a cost of from

4s. to 5s. per ton, while none of her manufacturing centres are more than forty or fifty miles from the sea.

So that if we look at the future of the iron trade industry in Great Britain as compared with that of other countries, we see no reason for dismay. All admit that in the long run the future of the iron trade in any country depends upon its supply of raw materials. The two main raw materials are iron ore and fuel. England once stood at the head in the ease of her command of both. Now the United States and Germany have far larger home supplies of iron ore, while as regards the command of fuel there seems little to choose between the three nations. But though England has to import increasingly more and more of the iron ore, yet she is still able to obtain almost limitless supplies from Spain and Sweden, and to bring together the two raw materials to the manufacturing centres as cheaply as either Germany or the United States; while as far as exporting is concerned, she is much more favourably situated in the nearness of her manufacturing centres to the ports of shipment. One of the witnesses before the Tariff Commission has summed up the situation very concisely: "Hitherto the country that has depended mainly on home ores has probably been in the best position. But is it not possible that in the future the country which has the best command of foreign supplies will rule? The position that I hold tends to bring under my notice much knowledge of such foreign supplies. The great iron-making countries are sure to find their home ores becoming dearer from year to year. Their foreign supplies need not necessarily increase in price. There is hardly any outside country that may not become tributary to our demands."

And though men have been thrown out of employment in iron mining and pig-iron production, yet we see from the census returns that there has been a more than equivalent compensation in the growth of the more skilled industries where the finished articles are manufactured. The town of Sheffield affords a noticeable instance of this. Having largely lost her position as an exporter of angles, channels, joists and structural steel, and steel rails, she has turned to yet more highly specialized forms, notably to steel castings. In Sheffield more than a dozen firms are engaged in this industry, some of them on a very large scale, and Sheffield now turns out projectiles, axles, wheels, colliery tubs, etc., in immense quantities.

There are several other points in which the future outlook for Great Britain is bright. Whilst our non-phosphoric ore supplies in Cumberland and Lancashire seem to be decreasing, we have still in Cleveland, Lincolnshire, and the Midlands vast unutilized supplies of phosphoric

ores. Once these supplies were of less value. But since the basic process has been discovered, whereby the phosphorus in ores can be eliminated, these huge phosphoric supplies have increased in value. At present Germany has been almost alone in utilizing the basic process, and she produces no less than seven million tons, or three-fourths of her total output, by the basic process. But when English manufacturers, who seem to have been slow in taking to this process, have once really begun to utilize it there seems an immense future for it in store.

Another most promising feature is to be found in the pages of the Tariff Commission's Report. During the last twenty years the United States and Germany have forged ahead by their control of vast quantities of surface ores, which have been worked at the minimum of expense. Now everywhere the supply of such ore which can be thus easily got at is diminishing, and a witness before the Tariff Commission has put the position thus : " An important question is the character as well as the quantity of the iron ore that remains. In the older iron-producing countries the virgin supplies have been so far exhausted that the cost of the remainder per unit of iron has naturally tended to increase. This remark applies to the United States and Germany, as well as to Great Britain. Hence our competitive position is not perhaps likely to become relatively less favourable. It is conceivable that it may even become more so."

What, then, are the present handicaps in the progress of the British iron and steel industry ? We shall arrive at them best by eliminating those which are only popularly, but falsely, held to be handicaps. Rates are certainly not a real obstacle. In spite of the wailing and lamentations of manufacturers at the rise of rates, we find in Mr. Jeans' book that they only form 1·8 per cent of the total cost of production of pig iron, while no less than 8 per cent. goes in royalties. In Great Britain the royalty on a ton of pig iron is about 4s. 10d., which goes to private individuals, whereas in Germany it is only 6d., which goes to the State. In 1901 no less than five million pounds was paid in England for royalties.

Nor, again, are the high wages, for which trade unions are held responsible, any real handicap. We find that the average wages per man in the iron and steel trades in England and Germany are much the same, i.e. about £70 per man, while the average wages in the United States of the Steel Corporation works out at no less than £144 per man.

Nor can the blame be assigned to overcapitalization on the part of our iron and steel industries. Mr. Jeans estimates that, in order to produce ordinary merchant steel, from 25s. to 30s. of capital per ton of annual product is not likely to be far wrong : and while English firms seem on an average to keep to this basis, the United States Steel

Corporation, which should on this basis be capitalized at £85 millions is actually capitalized at £300 millions, and in many German works he finds the same tendency to overcapitalize.

The two chief obstacles at present in Great Britain are the lowness of output per works, and the extremely high cost of carriage. Thus the average output per works in Germany is 75,000 tons, while in England it is only 40,000. So, too, some American furnaces produce 200,000 to 220,000 tons of pig iron per year, whereas the average annual output of British furnaces is not more than 28,000 tons. Some American furnaces, with complete equipment, cost over £200,000, whereas the average cost of British furnaces is not probably over £25,000. It seems, in fact, that in England the greatest handicap is our past greatness. America and Germany have begun where we left off, and we have not yet broken from our old methods of production. Thus in Sheffield many leading firms are immensely handicapped by their attempting to do a little of everything. Having won their position at a time when subdivision of labour was of less importance, they have not yet turned to more modern methods. Many of the big firms in Sheffield have small crucible furnaces, small Bessemer and small Siemens Martin plants; and they also produce a little basic steel.

Last, but not least, comes the cost of transit. Here we have an overwhelming mass of evidence. British railways, handicapped largely by overcapitalization, resolutely refuse to diminish the cost of transit. The general average for mineral transport in Great Britain works out at about 1*d.* per ton-mile, while in the United States it varies from $\frac{1}{4}$ *d.* to $\frac{1}{2}$ *d.* The very cheapest rate at which Staffordshire iron can reach a port is about 8*s.* per ton, whereas Carnegie's can send finished steel of the same description from Pittsburg to New York, a distance of 460 miles, for 6*s.* 6*d.* to 8*s.*, and the German can send a ton of finished iron and steel from the centre of Westphalia to Amsterdam, a distance of 147 miles, for 6*s.* 4*d.*

Equally prejudicial are the so-called shipping conferences, especially in the exportation of iron and steel to South Africa, Australasia, and India. Mr. Jeans quotes an interesting table of ocean freight rates from the United Kingdom and from the United States to Cape Town.

Article.	From United Kingdom. Distance 6181 miles.		From United States, America. Distance 6800 miles.	
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
Cement	16	3	15	0
Galvanized iron	20	0	15	0
Bar iron	22	6	15	0

Thus we see that, as far as the really permanent factors go, England has little to fear. She is favourably situated in regard to raw material, costs of production, and climate. And these two obstacles we have enumerated are both temporary ones. The erection of better plant is only a matter of time, and the cost of transit can be materially reduced by Government interference. Already a commission is sitting to investigate our waterways, and a really effective competition between canals and railways would do much to lower the cost of carriage.

J. ST. G. HEATH.

THE REPORT OF THE ECCLESIASTICAL COMMISSIONERS AS TO THE HOUSING OF THE WORKING CLASSES UPON THEIR LONDON ESTATES, 1906.—In this Report it is again shown how the Church of England is acting as a model landlord, and how the Commissioners have given a vast amount of labour, and have voluntarily foregone a large amount of possible revenue, in order to carry out their moral obligation to provide their working-class tenants with healthy homes at reasonable rents.

The Commissioners have found it is not satisfactory merely to lease their land to private individuals, whose interest is mainly to secure a profitable return for their outlay; and therefore they have, in some cases, offered leases to individuals or bodies working upon philanthropic or social lines at low ground rents, representing only about two-thirds of the actual market value. The Commissioners have themselves spent large sums in erecting workmen's dwellings, and have delegated to Miss Octavia Hill, and other ladies trained by her, the collection of rents and the general supervision of the tenants and the property. The great difference between a control of the tenants in accordance with Miss Hill's methods and the usual commercial system of rent collecting is too well known to need stating here.

The Report is chiefly concerned with the extensive improvements made in the Walworth Estate, since the expiration of the old leases in 1903, involving an outlay of about £200,000. The other workmen's dwellings belonging to the Commissioners in Mitre Street, Lambeth, and elsewhere, consist of cottages and tenement houses containing about 1500 rooms; but the Walworth estate will soon have a total of over 2000 rooms. An interesting feature in the improvement consists in the provision of a number of cottage flats, each containing three rooms and a scullery: the upper flat of each pair has a separate front door approached by a private staircase, and also a separate yard, beyond that of the lower flat, which is reached by an open staircase. The rent of these flats is seven shillings a week, and the rates two shillings, and they are exceedingly popular amongst those who can afford them.

The Report contains an interesting account from Miss Lumsden—who was, on Miss Hill's advice, given the supervision of the estate—of the difficulties which had to be overcome at first; and the whole change effected affords a useful object-lesson to those who are in any way interested in or connected with workmen's dwellings.

J. ASPIN HEATON.

NOTES ON CURRENT REVIEWS.—*The Quarterly Journal of Economics* for May prints noteworthy articles by Professor J. R. Commons, Professor Francis Walker, and Mr. A. Piatt Andrew. Professor Commons writes a description of the Musicians' Union in New York and St. Louis, which is interesting from both the economic and psychological points of view. Musicians are regarded by the outside public as players rather than as workers, while internally they appear to be divided as to whether they are artists or workers. They now seem to be coming to the conclusion that trade-union methods are applicable to their case, and appear to be going through the early experiences common to movements of this sort. Some of the organizations have been in existence twenty years, others are still discussing "the right of entry," and an old difficulty reappears as "one man one instrument." Professor Walker writes on the "German Steel Syndicate," and reviews its action up to the present time. So far it has, on the whole, had no bad effect on the trade, but it is still on its trial. The influence of the harvest on business in America is discussed by Mr. Andrew in a lucid article. Nothing new is added to our knowledge of the subject; but perhaps some one will be incited to take up the investigation at the point where Mr. Andrew has left it, and give us much-needed light on a most interesting and important topic.

M. Hitier continues, in the *Revue d'Economie Politique* for May, his article on "La Dernière Évolution Doctrinale du Socialisme," which appeared in the March issue. This instalment discusses "Le Socialisme Juridique," and is a useful survey from the continental point of view.

La Reforme Sociale.—The issue of May 16 contains an article by M. Rozenval, on "Le Dogme et l'Égalité et la Loi du Nombre," in which he surveys what he calls "the manifestations of Democracy" from the doctrinaire point of view. He urges the need of a greatly extended local administration, under any genuinely democratic régime. M. Raffalovich, in the issue of June 1, examines the relations between the Liberal, Labour, and Socialist parties in England. He contrasts the position of the English and French Socialists, and decides that the English party is in reality the stronger, and less likely to cause social and economic disturbance on account of the rapid advance of its policy towards opportunism. In the issue of June 16, M. Zvorikine

publishes the first part of a survey of the "Russian Agrarian Crisis." The decree of 1861 emancipating the serfs left great and increasing discontent behind it, as the economic position of the agrarian population was worse under the new *régime*. No provision was made by which the emancipated serfs could acquire the use of land, and emigration was practically impossible. Even at present the Peasants' Bank meets the difficulties imperfectly, as it cannot make advances to the individual, but only to a community or society. Another great weakness in the system is that improvements cannot be accepted by the bank as security for loans.

We welcome a new review dealing with the improvement of social conditions : *Progress*, edited by A. Holden Byles, and published by the British Institute of Social Service, 11, Southampton Row. It contains descriptive articles on topics of interest, of which the following samples in the April issue may be mentioned : J. M. Hodge on "Farming in Denmark ;" Sir Horace Plunkett on "Agricultural Co-operation in Ireland ;" the editor on "German Labour Bureaux." It contains also a review of the current literature of what may be called "Welfare" work generally, and a summary of all that is being done in every part of the world to improve industrial and social conditions. The last is the most useful part of the publication, and if our new contemporary becomes established, and an index is carefully compiled and consolidated, say every five years, we shall have a valuable addition to our literature of economic progress, which would be not only a record, but an endless source of inspiration to the more enlightened of our industrialists.

The Annals of the American Academy for March contains the addresses delivered at a recent conference at Washington on children's labour. It is only too clear from these how deplorably far our practice is behind our theory in this matter. The speakers, as a rule, found nothing new to say. Professor Noyes' article, in the same issue, on "Overwork, Idleness, or Industrial Education," is a pleasant contrast, being both interesting and suggestive.

In *The Journal of Political Economy* for April, Professor Meyer replies to the critics of his book on the "Government Regulation of Railway Rates." Incidentally, we get some useful information about the Berlin milk supply. Mr. Leopold Katscher contributes an interesting descriptive article on "Modern Labour Museums." In the May issue we have an attack on "Municipal Ownership in Great Britain" by Mr. E. W. Burdett. It would appear that it is quite a failure, the services are badly administered, and more expensive than under private management, and we learn that the growing power of municipal employees is a serious danger.

LEGISLATION, PARLIAMENTARY INQUIRIES, AND OFFICIAL RETURNS.

THE *Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions* in 1905 contains, in two massive volumes (Cd. 2928, 945 pp., 7s. 8d.; Cd. 3022, 511 pp., 4s. 2d.), the usual mine of detailed information, carefully desiccated into summary tables, showing the course of our oversea trade for the last five years. Digging at random in the mine is interesting enough, but the results obtained are not often worth reproducing. Current discussions, however, suggest that our trade with Canada is worth particular attention. The "flat preference," as it is called, of $33\frac{1}{3}$ per cent. in favour of imports into Canada from the United Kingdom is objectionable to Canadian manufacturers, who are urging their Government to rearrange the preference to the mother country "on a competitive basis," which obviously means that where this $33\frac{1}{3}$ per cent. preference still allows the importation of British goods which "might be made in Canadian workshops," it is to be decreased to enable this to be done. The British trade with the Dominion is as follows :—

I. BRITISH FIGURES.

	1901.	1902.	1903.	1904.	1905.
	£	£	£	£	£
Imports from Canada	19,854,585	22,964,537	26,669,855	22,621,164	25,695,898
Exports to Canada ..	9,250,526	11,995,877	12,774,144	12,248,342	13,767,079

In the Canadian blue book covering the same period, the figures are—

II. CANADIAN FIGURES.

	1901.	1902.	1903.	1904.	1905.
	\$	\$	\$	\$	\$
Exports to United Kingdom }	105,328,956	117,320,221	131,202,321	117,591,376	101,958,771
Imports from United Kingdom }	43,164,297	49,435,388	59,068,706	61,960,909	60,538,811

A comparison of these tables reveals some interesting features. The goods going across the Atlantic from East to West are f.o.b. in one table and c.i.f. in the other, but even so it is hard to see why, in 1905 as compared with 1904, the Canadian figures should show a steep decline, while the British should insist that there has been a sharp rise. The statutory rate of exchange is 4.86 dollars = £1. At this rate the British exports of 1901 were 44,957,566 dollars, which is approximate to the Canadian figures; while in 1902 they were 58,299,963 dollars, which is a divergence of nearly 9 million dollars. Perhaps this may serve as a further example of the caution required in drawing even tentative conclusions from statistical data.

The Historical Manuscripts Commission has issued a *Report on the Manuscripts of the Earl of Verulam* (Cd. 2973, xi., 311 pp., 1s. 4d.) which are preserved at Gorhambury. The volume is full of interest to the historian, though it deals with a period, the seventeenth and eighteenth centuries, for which materials are abundant enough. It will be of even more use to the historical economist. It contains a series of extracts from the household accounts of the Grimstons from 1680–1700, and from 1770–1789, which give much information as to the prices of services and commodities. The “page” was, even so late as the end of the seventeenth century, an important and expensive member of the household of a person of wealth and rank. The following items connected with him are interesting: A month’s teaching for the page, 15s.; a pair of spurs for the page, 6d.; his coat, 17s.; another month’s teaching, 15s.: the page was being taught music by a Mr. Hall, and therefore we find the entries of a fiddle and case, £1 11s.; a music-book, 1s.; a dancing-book, 2s. 6d.; another music-book, 2s. 6d.; eleven tunes, 10d.: the page was attired after the best modes, no doubt, for payments for his clothes are frequent: cutting his hair cost 6d.; his sword, 5s.; cleaning and blacking it a year later, 1s.; his “waskote” silk, 13s.; his hat, 8s. 6d.; his gloves, 2s. 6d.; his shoulder knot and hat-band, 4s. 8d.; the lace on his hat, 5s.; his stockings with green tops, 7s.; his peruke, 16s. However, after 1685 the page disappears entirely from the accounts, perhaps because he was more ornamental and expensive than useful. In the later accounts for the end of the eighteenth century a series of items appear which obviously marks a new departure in high life, viz. subscriptions to clubs of various kinds. In 1775 we have “Subscription to Almack’s, £10 10s.; to the Lilly races, £10 10s.; and subscription as steward of the same, £25.” In 1694 there is an interesting item: “The first payment of the poll tax for my master and lady, £3 2s.” This is not a very extravagant sum for people who could spend so much on a

page. The tax produced less than half of the £800,000 it was expected to yield ; showing, said Davenant, that it “grated on people”—a point it has, however, in common with all taxes yet discovered. In 1787 the steward pays “Bajin’s bill for carving capitals in the library, £3 3s.,” perhaps in readiness for the next item of expenditure, “Subscription to Johnson’s Dictionary, £1 19s.” Another valuable document printed in this collection is an account of a visit paid to the Low Countries by Sir Harbottle Grimston early in the seventeenth century. It is exceedingly well written, being full of wittily expressed observations on the people who were then the bug-bear of our trading classes. Present-day advocates of “disinterested management” of public-houses who think they have discovered some new thing, will do well to chasten themselves by reading “the humble petition of William Mott” to the council in 1662, giving particulars of his project for the relief of the poor at Colchester, the funds for which were to be provided by the disinterested management of the public-houses there. Apart from the moral effect on the lives of poor people, his scheme has the following advantages : “The profit accruing may abate the collection”—for the poor—“in every parish,” and “that which before was drawn to private uses will now be for a public good.”

The Board of Trade has issued its *Third Abstract of Foreign Labour Statistics* (Cd. 3120, xxxiv., 347 pp., 1s. 6d.). It gives the latest available statistics for the principal foreign countries on the following subjects : wages, hours of labour, trades unions, trade disputes, conciliation and arbitration, workmen’s measures, and co-operation. The salient feature of the *Abstract* is the evidence it gives of the growth of trade unionism in the leading industrial countries. The following table gives the total recorded membership in each of the years 1896–1905 :—

Year.	Germany.	France.	Austria.	Denmark.	United States.	
					Federation of Labour.	New York State.
1896	—	422,777	98,669	—	—	170,296
1897	—	—	—	—	264,825	168,454
1898	—	437,793	—	—	278,016	171,067
1899	864,350	419,761	119,344	—	349,422	209,020
1900	995,435	491,647	—	96,295	548,321	245,381
1901	1,008,365	588,832	119,050	—	787,537	276,141
1902	1,092,642	614,173	135,178	96,479	1,024,399	329,101
1903	1,276,831	643,757	154,665	85,098	1,464,100	395,736
1904	1,466,625	715,576	189,121	90,111	1,675,400	391,681
1905	—	781,344	323,099	—	1,494,300	382,201

It is not easy at present to account for this remarkable growth of trade unionism abroad. In Germany it followed, and perhaps has been caused by, the slackening of the efforts of the Government to become the universal provider of all that the German workman wants, as a more welcome alternative to his providing them by his own organized efforts. In France, where governmental agency of the sort familiar in Germany has been hitherto unknown, the growth has synchronized with a tendency to propose and pass what we should call Labour legislation. In both countries, especially in France, there is that division of working-class opinion which was marked here by the change from the old trade unionism to the new, and is to-day being still more emphasized by the leavening of trade unionism with socialistic ideas. The influence of English trade unionism is marked throughout. The recent intervention of a Labour candidate in the Maine election marks something entirely new in the American politics, though it has long been familiar in this country.

The Foreign Office has issued in its Annual Series a *Report on the French Budget* for 1906 (Cd. 2682, 34 pp., 2½d.). The total expenditure is estimated at £148,367,683 ; the total revenue at £148,369,660. The great event of 1906, the Separation Law, will lead to the suppression of the Ministry of Public Worship, which in 1885 expended £1,852,000 ; in 1895, £1,728,000 ; and in 1905, £1,692,997. Of this, £810,275 will be absorbed by the allowances granted to the ministers of the various religious denominations ; but this amount will rapidly diminish, as only a part of the pensions are for life. The sums liberated by the suppression of the budget of Public Worship are to be distributed amongst the communes. The small surplus shown in the above figures is, however, altogether misleading. During the Moroccan difficulty the French Government secretly spent no less than £8,000,000 in warlike preparations. This is bad enough, but the deficit on the budget for 1907 is expected to reach no less than £10,500,000, owing to the loss of some sources of revenue, and the increase of expenditure entailed by recent legislation and proposed military and naval improvements. Eighteen and a half millions is a deficit to try the powers of any finance minister. M. Poincaré is boldly facing it, and if his measures are carried and prove successful, the French Budget of 1907 will mark a new departure in French finance. He proposes to borrow £12,000,000, to save £500,000 by economies, and to raise £6,000,000 by new taxation. His new sources of taxation are not yet settled. They include, however, a recasting of the death duties, even in the case of direct descendants, and the establishment of an income tax with the five schedules familiar in

England, and the differentiation of incomes according to source, which is familiar everywhere except in England. M. Leroy-Beaulieu contributed to the *Revue des Deux Mondes* for August 15th a long and severe criticism of French finance since 1870. M. Poincaré's new death duties, which raise the maximum toll from 20·5 to 28·8 per cent., arouse his anger to screaming-point. For the proposed income tax he has more respect, though he thinks it unsuitable to the genius of the French people.

The table on the opposite page gives information respecting the German system of old age and infirmity pensions.

The State contributes a fixed grant of £2 10s. per annum for each person insured, and also pays the premiums of soldiers and sailors during their periods of active service. The value of the property of the insurance offices has grown at a great rate; in 1891 it was only £3,837,415. The pensions have grown as the funds have grown, but only very slowly; in 1892 the old age pension was £6 7s. 4d. and the infirmity pension £5 4s. 8d. The old age pensions do not become due until the age of seventy is reached, and even then are on an average less than three shillings a week, which is not a princely sum even in Germany. The strong point of the system is that it recognizes and enforces the joint and several responsibility of the State, the employer and the worker to contribute to the sustenance of the last during his old age.

The Houses appointed in March last a joint select committee to investigate the question of Sunday trading; its recommendations and the evidence before it are given in the *Report on Sunday Trading* (House of Commons Paper, No. 275 of 1906, ix., 284 pp., 2s. 6d.). The joint committee examined seventy-eight witnesses, beside reconsidering the evidence given last year before a Lords' committee on the Sunday Closing (Shops) Bill. The joint committee, not having a bill before it, thought themselves at liberty to consider the whole question of Sunday trading, and therefore, with that admirable logic and that wonderful deference to "the trade" which is characteristic of parliamentary committees, proceeded to rule out any reference to Sunday trading in alcoholic liquors. Hence their desire to further the maintenance of Sunday as a day of rest on the grounds of religion, morality, and public health is as useless as it is praiseworthy. To prevent people by law from buying linen on Sunday while affording them the amplest opportunities for buying liquor is ridiculous. In Scotland the law, holding the balance evenly, prevents both. Little attempt is made in England to enforce the Lord's Day Observance Act which, by one of the ironies of history, we owe to the reign of Charles II. Hull pursues a vigorous

GERMAN OLD AGE AND INFIRMITY PENSIONS.

	1900.	1901.	1902.	1903.	1904.
I. Pensions paid :	£	£	£	£	£
Old age	1,311,210	Not stated	Not stated	Not stated	Not stated
Infirmary	2,678,655				
Sickness	32,570				
Total	4,022,435	4,548,851	5,194,211	5,857,383	6,442,455
II. Premiums refunded :					
Mainly to women marrying	330,835	346,258	356,705	377,776	392,908
III. Contributions to above payments :					
By employers and workpeople	2,815,180	3,201,873	3,658,431	4,142,423	4,571,586
By the State	1,538,090	1,693,536	1,892,485	2,092,736	2,263,777
IV. Average annual value of pensions :	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Old age	7 5 6	7 10 5	7 13 0	7 15 5	7 17 2
Infirmary	7 2 0	7 6 4	7 9 9	7 12 3	7 15 2
V. Receipts :	STATISTICS OF THE DISTRICT INSURANCE OFFICES.				
Premiums of em- ployers and work- people	£ 6,438,500	£ 6,740,675	£ 6,949,289	£ 7,313,826	£ 7,704,390
Interest and rents ..	1,363,500	1,524,068	1,672,078	1,812,826	1,938,886
Other receipts ..	13,450	17,976	20,004	16,700	17,973
Total	7,815,450	8,282,719	8,641,371	9,143,352	9,661,249
VI. Expenditure :					
On pensions	2,484,385	2,855,342	3,301,745	3,764,665	4,178,694
On premiums re- funded	330,800	346,231	356,685	377,757	392,892
On medical treat- ment of invalids ..	278,910	356,532	452,530	495,171	545,422
On maintenance in homes of rest ..	755	2,254	3,650	7,349	12,703
Extraordinary ex- penditure	3,525	9,673	13,610	19,986	24,302
On current admini- stration	290,750	308,426	339,880	359,482	403,804
On collecting pre- miums and audit- ing	148,790	153,357	161,125	175,321	183,721
Other expenses ..	112,755	72,500	96,380	103,447	113,488
Total	3,650,670	4,104,315	4,725,605	5,303,178	5,855,026
VII. Property at end of year	42,359,750	46,568,800	50,544,150	54,402,766	58,233,292

campaign against shopkeepers who open on Sunday. In 1904 there were no less than 4235 prosecutions in Hull, representing some 200 shops. The result was beneficial to the rates, for the corporation made a clear profit of more than £1000 on the business. The difficulty lies with the small shopkeepers, many of whom could not pay their way if they closed on Sundays. At present, by keeping open, they can in Hull afford to relieve the rates out of their profits. On the other hand, those who conform to the law by closing their shops forego a gain which they might make by breaking it. The committee's recommendations are : (1) that the general principle of the Act of 1677 ought to be maintained ; (2) that the fines inflicted under that Act are now inadequate, owing to the change in the value of money ; (3) that the exigencies of modern life make it necessary for certain articles to be sold on Sunday in particular districts ; (4) that local authorities shall have power to regulate such necessary sale ; (5) that every shop assistant should be secured by law one day's rest in seven ; (6) that any employer not granting it should be subject to a penalty. In view of these recommendations it is interesting to observe the working of the recent Law of Weekly Rest in France, which is competing with the Separation Law for space in the Paris newspapers. Custom, fortunately, affords us so much of what is wanted, that, apart from the liquor traffic, little legislative action is necessary in this country.

The Select Committee of the House of Commons appointed to consider the Education (Provision of Meals) Bill, 1906, and the similar bill for Scotland, has issued its *Report*, together with the *Minutes of Evidence* (House of Commons Papers, No. 288 of 1906, xliii., 245 pp., 2s. 4d.). The committee examined twenty-eight witnesses, each of whom could speak authoritatively on this important subject. The evidence, which occupies most of the volume, is indexed and analyzed with such skill and clearness that any branch of the subject may be studied separately. The conflict of testimony and the variety of opinion contained in the evidence are natural in view of the fact that legislation on the subject is in prospect. The recommendations of the committee may be summarized as follows : (1) Ill-nourished children are to be fed by an organization under the control of committees appointed by the local education authorities. As Mr. Birrell approves the appointment of local *ad hoc* authorities (though with very limited powers) within the areas controlled by the existing education authorities, the work of feeding necessitous children may be devolved on the new bodies, who for this purpose should co-opt representatives of the voluntary subscribers. (2) With regard to the funds, the local authorities are to have power to do everything necessary to placing the food before the children, except purchasing the food itself ; but

they may do this to the extent of a halfpenny rate where food is shown to be wanting, and other sources for supplying it are insufficient; the local authority is to do all it can to get the price of the food out of the pockets of parents or voluntary subscribers. They may, that is, supply saucepans in unlimited numbers, but soup only in emergencies—an arrangement which is very English and very stupid. (3) With regard to insisting on the responsibilities of parentage, the committee take the right line in recommending the stringent prosecution of parents whose neglect is not due to inability. Mr. Marshall Jackman, who has long been doing excellent work in the feeding of school-children in East Lambeth, told the committee that out of nearly £450 spent last winter by the organization with which he is connected, only £17 6s. was obtained from the parents by the sale of the tickets for meals. The danger obviously is that the possibility of rate-aid being forthcoming will immediately dry up all other sources of income. This is apparently to be the case with regard to the London Unemployed Fund, where the promise of £200,000 from the Government immediately brought forth strong objections to appealing for public subscriptions.

The Board of Trade has issued the second number of the *Statistical Abstract for the British Empire* (Cd. 2856, 192 pp., 10d.). It gives full details of the area and population of the various parts of the empire, of its trade with foreign countries, of inter-colonial trade, of its shipping, and of its staple productions.

This second number contains some new tables, from one of which the following interesting table is constructed :—

NUMBER OF IMPERIAL GALLONS OF BEER RETAINED FOR CONSUMPTION
PER HEAD OF THE POPULATION.

Year.	United Kingdom.	Australian Commonwealth.	New Zealand.	Canada.	Newfoundland.	Cape of Good Hope.	Natal.
1890	30·0	10·6	8·0	3·7	0·4	1·4	1·1
1891	30·2	11·7	7·6	3·8	0·5	1·3	0·8
1892	29·8	10·6	7·8	3·6	0·4	1·4	0·6
1893	29·6	9·1	7·7	3·5	0·5	1·4	0·6
1894	29·5	9·0	7·4	3·5	0·5	1·5	0·3
1895	29·6	10·2	7·4	3·4	0·3	1·5	0·3
1896	30·8	11·0	7·9	3·5	—	1·6	0·4
1897	31·3	11·4	8·2	3·6	0·3	1·7	0·4
1898	31·8	11·7	8·4	3·9	0·3	1·6	0·4
1899	32·6	11·8	8·6	4·1	0·2	—	0·4
1900	31·6	12·6	9·1	4·4	0·3	—	0·3
1901	30·8	12·4	9·4	4·7	0·3	—	0·3
1902	30·3	12·4	9·2	5·1	0·4	—	0·3
1903	29·7	11·6	9·5	4·8	0·3	—	0·4
1904	28·8	—	9·4	5·0	0·3	—	0·2

The *Statistical Abstract for the United Kingdom, 1891-1905* (Cd. 3092, 375 pp., 1s. 6d.), is a valuable summary of the information contained in numerous scattered blue books, and is to be welcomed, even though the inevitable figures of our foreign trade and shipping haunt us through more than half of its pages. The increase in the national expenditure, and the way in which it has been met, is shown in the following table, which is constructed from the section on imperial revenue and expenditure during the period:—

NATIONAL EXPENDITURE.

Year ending March 31.	Receipts into the Exchequer.	Issues out of the Exchequer (exclusive of expenditure not chargeable against revenue).	Surplus (+). Deficiency (-).
	£	£	£
1892	90,994,786	89,927,773	+ 1,067,013
1893	90,395,377	90,375,365	+ 20,012
1894	91,133,410	91,302,846	- 169,436
1895	94,683,762	93,918,421	+ 765,341
1896	101,973,829	97,764,357	+ 4,209,472
1897	103,949,885	101,476,669	+ 2,473,216
1898	106,614,004	102,935,994	+ 3,678,010
1899	108,836,193	108,150,236	+ 185,957
1900	119,839,905	183,722,407	- 13,882,502
1901	130,384,684	188,592,264	- 58,207,580
1902	142,997,999	195,522,215	- 52,524,216
1903	151,551,698	184,483,708	- 32,932,010
1904	141,545,579	146,961,136	- 5,415,557
1905	143,370,404	141,956,497	+ 1,413,907
1906	143,977,575	140,511,955	+ 3,465,620

NATIONAL TAXATION.

Year ending March 31.	Remissions of taxation (estimated loss in a normal year).	Increases of taxation (estimated gain in a normal year).	Gross total of National Debt on March 31.
	£	£	Thousands of £.
1892	—	—	667,069
1893	50,000	—	671,120
1894	58,000	2,231,000	667,291
1895	1,400,000	6,928,000	659,001
1896	153,000	—	652,286
1897	1,859,257	6,582	645,171
1898	—	—	638,817
1899	1,650,000	149,976	635,394
1900	—	880,200	638,912
1901	—	15,846,947	703,934
1902	—	13,280,000	765,216
1903	—	5,119,000	798,349
1904	12,596,000	—	794,498
1905	20,000	4,941,000	796,786
1906	1,950,000	—	788,990

The net amount of the additions to taxation in a normal year reaches the figure of £31,647,000. The expenditure during the period has increased by £50,500,000; the difference, roughly, £19,000,000, is due to the increased wealth of the country, and is the amount we should have had to spare for rational purposes if there had been no war, even without the great improvements of the 1894 budget.

The *Forty-ninth Report of the Commissioners of Inland Revenue* (Cd. 3110, 260 pp., 2s. 1d.) has been issued. The following table gives the capital value of all property passing at death. It is obtained by adding together the net capital values on which estate duty was paid, and the capital values of estates below £100 net, which are exempt from duty, and subtracting from the total the total deficits on insolvent estates. This represents what French statisticians call the "*annuité dévolutive*." The French figures for the same period are given for the sake of the comparison:—

Year ending March 31.	English amount thus ascertained in millions of £.	Year.	French annuité dévolutive in millions of £.
1896	215·0	1896	258
1897	217·5	1897	264
1898	249·3	1898	269
1899	252·6	1899	272
1900	294·1	1900	310
1901	266·7	1901	258
1902	291·8	1902	255
1903	272·4	1903	254
1904	266·8	1904	266
1905	267·5	1905	270

Of the French totals an average of 40 millions represents gifts, which are a much less important item in the English totals. The French figures probably go much more minutely into the smaller estates than the English. At home estates of less than £100 net are duty free, and in 1905–6 there were only 15,462 such estates administered, and their total net value was only £859,672.

In France, in 1905, there were 116,802 estates of less than £20 in value, and 101,710 between £20 and £80, the total net value of the two groups of estates being £6,300,000. The French "*annuité dévolutive*" being thus a much more exact estimate of the net value of the property which changes hands by death during a year, it is multiplied by 32 to arrive at the capitalized wealth of the country, the thirty-two years being the life of a generation. The wealth of France, calculated on this basis, is estimated to be about £8000 millions.

Lord Cromer's *Reports on the Finance, Administration, and Con-*
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dition of Egypt and the Soudan in 1905 (Cd. 2817, 162 pp., 1s. 6d.) contain as usual a clear and interesting account of the progress of the country. He appends to the Report on Egypt an interesting analysis of the foreign trade of Egypt by Mr. L. G. Roussin. The writer adds 15 per cent. to the recorded statistics of exports to allow for undervaluation; 11·1 per cent. because the recorded price of exports is 10 per cent. less than the market price, and 3·9 per cent. because the average quality of cotton is higher than the "good fair brown," which is the basis of the recorded figures. The amount of the interest on the Egyptian debt, practically all of which is paid outside the country, can be calculated; and deducted from exports as having no corresponding import. The following table, therefore, brings some interesting facts to light:—

Triennial periods.	In thousands of £E.			
	Average excess of exports.	Average debt charge.	Balance.	
			Imports over exports.	Exports over imports.
1888-1890	5821	4800	—	1021
1891-1893	5867	5600	—	267
1894-1896	4356	5500	1144	—
1897-1899	3212	5500	2288	—
1900-1902	3552	4600	1068	—
1903-1905	501	6500	5999	—

After the successful cotton-season of 1902-3 there was a great influx of capital into the country, which accounts for the huge balance of imports over exports after the rectification for the debt charge has been made. It is obvious that when the outflow of interest begins, and the inflow of new capital ceases, the old adverse balance of trade will be rendered still greater, either by increase of exports or decrease of imports.

THE ECONOMIC POSITION.

TREASURY RETURNS.—(i.) *British.*—The condition of the national revenue to September 8, 1906, continues to be highly satisfactory. In customs the reduced tea duty of 5*d.* per lb. has been in operation since May 14, 1906, but there is no reduction yet visible in customs receipts. As the Chancellor has estimated that this reduction will cost the Treasury £1,000,000 in the financial year, there is evidently plenty of margin for the months yet to run. The abolition of the coal export duty will not take effect until November 1, 1906.

The total national revenue to date exceeds that of 1905–6 by over £1,300,000. On the other hand, the total national expenditure is over £2,000,000 less. The total net financial improvement to date over the equivalent period of 1905–6 is thus over £3,300,000, notwithstanding the reduction in taxation and increased contribution to the Sinking Fund.

The improving financial position is vividly exemplified from the following comparison. At the end of August the Treasury expenditures always exceed the receipts, chiefly owing to the bulk of the income tax not being received by the Treasury until towards the end of the financial year, while the expenditure on the army and navy is fairly constant throughout the year. Consequently at the end of August there is always an overdraft. The following comparison shows how the overdraft, in respect of current receipts and expenditure, is diminishing year by year :—

I. BRITISH TREASURY—EXCESS OF CURRENT EXPENDITURE OVER CURRENT RECEIPTS.

								£
September 3, 1904	..	..	..	..	..	..	..	9,311,846
" 2, 1905	..	..	..	..	..	..	..	5,247,223
" 8, 1906	..	..	..	..	..	..	..	2,133,202

(ii.) *American.*—The American financial year closed on June 30, 1906, with a surplus of approximately \$26,188,000. This is a great improvement on recent years, the comparative figures being as follows :—

II. AMERICAN TREASURY—BALANCES.

	Dollars.
June 30, 1904 (deficit)	- 41,771,000 ¹
„ 1905 (deficit)	- 23,004,000
„ 1906 (surplus).. .. .	+ 26,188,000

It will be interesting to analyze this difference. The Federal Expenditure has not diminished.

III. AMERICAN TREASURY—FEDERAL EXPENDITURE.

	Dollars.
1903-4	582,402,000 ¹
1904-5	567,279,000
1905-6	568,728,000

The difference is due rather to the increase in the Federal Income, the increase during 1905-6 being roughly \$50,000,000.

IV. AMERICAN TREASURY—FEDERAL INCOME.

	Dollars.
1903-4	540,632,000
1904-5	544,275,000
1905-6	594,915,000

Of this increase of \$50,000,000, no less than \$38,800,000 has come from customs, the remainder being from internal revenue.

V. AMERICAN CUSTOMS RECEIPTS.

	Dollars.
1903-4	261,274,000
1904-5	261,799,000
1905-6	300,657,000

This \$38,800,000 would be raised upon the dutiable imports, which are returned as follows :—

VI. APPRAISED VALUE OF DUTIABLE GOODS IMPORTED INTO UNITED STATES OF AMERICA.

	Dollars.
1903-4	536,957,000
1904-5	600,071,000
1905-6	676,940,000

It will be seen from Tables V. and VI. that an increase of dutiable imports to the value of \$77,000,000 has produced an increased income from customs of \$38,800,000! The explanation may be that the American customs-house officials are appraising goods imported with greater exactitude. In the latter event the effect on the commerce of the country would be equivalent to an actual raising of the tariff, and consequential increased impediment of foreign trade. The *New York Financial Chronicle*, in an article published July 28, 1906, investigates this question, and arrives at the conclusion that, without

¹ Including \$40,000,000 paid for site of Panama Canal.

any conscious connivance on the part of Government officials, a tendency exists to overstate the value of the exports, and to understate the value of the imports.

(iii.) *Australian*.—The Australian Commonwealth was inaugurated by Royal Proclamation on January 1, 1901. As in the United States of America, customs and excise services are administered by the central Government, but, unlike the United States, the Commonwealth only retains one-fourth of the net proceeds. The remaining three-fourths, and as much more as the Commonwealth does not require, are handed back to the component states. The Commonwealth also administers the postal service and the national defences.

The Commonwealth financial year expires on June 30. The first half-year of the Commonwealth—i.e. January to June, 1901—was abnormal. On October 9, 1901, a Federal tariff superseded the then existing State tariffs. On this date all inter-state duties ceased, with the exception of those between Western Australia and the rest of the Commonwealth. These duties will cease on October 9, 1906, after which date there will be absolute internal free trade throughout Australasia, with the exception of New Zealand. The duties between these two communities, however, will be lowered by means of a reciprocal agreement.

The system by which at least three-fourths of the custom and excise revenue is returned to the states renders any considerable surplus or deficit in the Commonwealth Treasury unlikely, and this is exemplified in the returns.

VII. AUSTRALIAN COMMONWEALTH TREASURY—BALANCES.

										£
June 30, 1902 (first complete year)	..	..	..	..	..	..	..	..	..	- 3898
" 1903	..	..	..	..	..	..	..	..	..	+ 4009
" 1904	..	..	..	..	..	..	..	..	..	- 3966

It will be seen that these balances are relatively trivial ; they are casual cash balances, rather than estimated surpluses and deficits. A truer idea of the yearly financial position of the Commonwealth is obtained by comparing the actual percentage returned to the states with the legal minimum of 75 per cent. that is bound to be returned. The following table gives this percentage, omitting the inter-state trade of Western Australia :—

VIII. AUSTRALIAN COMMONWEALTH TREASURY—PERCENTAGE OF CUSTOMS AND EXCISE REVENUE RETURNED TO STATES.

					Minimum percentage.					Percentage returned.
1901-2	..	..	..	..	75·00	..	..	..	..	82·44
1902-3	..	..	..	..	75·00	..	..	..	..	84·29
1903-4	..	..	..	..	75·00	..	..	..	..	80·63

It is instructive to ascertain the proportion between customs receipts and excise receipts.

Unlike the United Kingdom and the United States, where some kind of equality is maintained between the receipts from customs and those from excise, in Australia the customs receipts largely outweigh those from excise.

IX. AUSTRALIAN COMMONWEALTH—PROPORTION OF CUSTOMS TO EXCISE.

				Customs. £				Excise. £
1901-2	..	..	..	7,669,970	..	..	..	1,224,349
1902-3	..	..	..	8,213,448	..	..	..	1,471,607
1903-4	..	..	..	7,577,740	..	..	..	1,528,012
1904-5	..	..	..		..	..	..

Another item of great importance is the Australian expenditure on naval and military defence. The expenditure is, however, quite small, and indicates that Australian statesmen cannot gravely regard the growing naval power of Japan.

X. AUSTRALIAN COMMONWEALTH—EXPENDITURE ON DEFENCE.

								£
1901-2	..	..	..	..	..	..	..	934,646
1902-3	..	..	..	..	..	..	..	746,526
1903-4	..	..	..	..	..	..	..	836,005

In this question of imperial defence it appears advisable to institute some rough statistical comparisons between Australia and the British Isles.

The present population of the Commonwealth is about one-eleventh of that of the United Kingdom. The estimated expenditure on the British army for 1905-6 is £29,813,000, and on the British navy £33,450,000. The total estimated expenditure for the two defensive services is thus £63,263,000, or, roughly, £1 10s. per head of the population. On an equivalent basis of £1 10s. per head, the Commonwealth should contribute to imperial defence £6,000,000 per annum. This sum would not provide, however, for the interest and sinking fund on the cost of battleships, dockyards, barracks, etc., all of which is paid by the British taxpayer in addition to the £1 10s. per head.

(iv.) *Canadian*.—The Dominion Treasury is in a very flourishing condition. Since 1896-7 there has been an unbroken series of surpluses, and since 1901-2 these surpluses have been of considerable magnitude.

XI. CANADIAN DOMINION TREASURY—BALANCES.

							Dollars.
1897-8	..	..	..	..	..	..	+ 1,723,000
1898-9	..	..	..	..	..	..	+ 4,838,000
1899-0	..	..	..	..	..	..	+ 8,055,000
1900-1	..	..	..	..	..	..	+ 5,648,000
1901-2	..	..	..	..	..	..	+ 7,291,000
1902-3	..	..	..	..	..	..	+ 14,345,000
1903-4	..	..	..	..	..	..	+ 15,057,000

The Dominion Parliament—differing from the Commonwealth Parliament—retains the bulk of the revenue it collects, as will be seen from the following table, showing the amount returned to the provinces as subsidies :—

XII. CANADIAN DOMINION TREASURY—SUBSIDIES TO PROVINCES.

				Total revenue. Dollars.				Subsidies to provinces. Dollars.
1900-1	..	..	..	52,514,701	..	..	..	4,250,607
1901-2	..	..	..	58,050,790	..	..	..	4,402,098
1902-3	..	..	..	66,037,069	..	..	..	4,402,503
1903-4	..	..	..	70,669,817	..	..	..	4,402,292

The principle on which these subsidies are determined is set forth in the Dominion Constitution. They consist of (a) a fixed yearly sum, varying in the case of the different provinces from \$80,000 to \$50,000 ; and (b) of an annual grant in aid equal to 80 cents per head of the population.

As in Australia, the receipts from customs outweigh those from excise, but not quite to the extent prevalent in Australia.

XIII. CANADIAN DOMINION—PROPORTION OF CUSTOMS TO EXCISE.

				Customs. Dollars.				Excise. Dollars.
1902-3	..	..	..	37,110,000	..	..	..	12,013,000
1903-4	..	..	..	40,954,000	..	..	..	12,958,000

The item of expenditure on defence has for the past seven years averaged about \$2,000,000 per annum. This is even less than in Australia, and works out at about 40 cents, or 1s. 8d. per head. If Canada were to contribute to imperial defence an amount per head equal to that paid by England, Scotland, and Ireland, her contribution would be approximately £8,500,000 per annum—apart from the interest and sinking fund on capital expenditure.

CURRENT FOREIGN TRADE.—*British Foreign Trade.*—The British foreign trade returns continue to show remarkable increases. The returns to August 31, 1906, are as follows :—

XIV. BRITISH IMPORTS.
(8 months, ending August 31.)

	1904.	1905.	1906.
	£	£	£
Total imports to date	355,316,302	364,692,457	398,009,524
Increase in 1906 over 1904	42,693,222	—	—
" " 1905	—	33,317,067	—

XV. BRITISH EXPORTS.
(8 months, ending August 31.)

	1904.	1905.	1906.
	£	£	£
British exports	195,280,129	213,045,108	247,529,092
Foreign and colonial re-exports ..	47,735,208	52,255,407	57,402,347
Total exports	£242,995,337	£265,300,515	£304,931,439
Increase in 1906 over 1904	61,936,102	—	—
" " 1905	—	39,630,924	—

The chief changes of foreign trade during the period from January to August, 1906, were as follows :—

XVI. CHIEF CHANGES IN BRITISH FOREIGN TRADE (1906).
(8 months, ending August 31.)

	Net change from 1905. £
1. Exports of cotton goods Increase	6,449,068
2. Imports of non-dutiable food and drink	5,175,607
3. Exports of iron and steel manufacture	5,029,630
4. Imports of manufactured metals (other than iron and steel) ..	4,395,661
5. Exports of raw wool	4,044,040
6. Exports of new ships	3,811,315
7. Exports of coal, coke	3,586,179

The analysis of these changes in detail is as follows :—

1. *Exports of Cotton Goods* (+ £6,449,068).—The largest increased sale is to Turkey (+ 74 million yards), the Argentine Republic (+ 35 million yards), and to Bengal (+ 24 million yards). China continues to diminish her purchases (— 87 million yards), but the sales to China in 1906 still largely exceed those of 1904 (+ 143 million yards). The increased export of cotton manufactures to highly protected countries is still to be noted, i.e. the United States (+ 13 million yards), and Germany (+ 9 million yards). The fears

expressed that Japan will cease to need British cotton goods find no support in the figures to date (+ 12 million yards).

2. *Imports of Non-Dutiable Food* (+£5,175,607).—Butter accounts for about one-third of this increase, about 170,000 extra cwts. having been imported chiefly from the United States and Russia. Over £1,100,000 more has been spent in cheese, due largely to higher prices. The benefit of this mainly fell to Canada, which obtained £650,000 more for sending only an extra 100,000 cwts. The same tendency, but hardly so pronounced, is noticeable in lard, 150,000 additional cwts. costing £650,000 more. This benefit chiefly goes to the United States. £600,000 more has been spent in fish, chiefly in canned salmon from British Columbia.

3. *Exports of Iron and Steel Manufacture* (+ £5,029,630).—The increase continues to be widespread. Exports of pig iron have increased by nearly 400,000 tons (a marked feature being the acceleration of the flow across the North Sea into Holland, Belgium, and Germany). This increase does not mean a corresponding diminution in British iron ore, because the outflow is compensated for by a more than corresponding inflow of iron ore (+ 600,000 tons), of which more than half came from Spain. Of manufactured iron exports, galvanized sheets have increased by 30,000 tons, mostly to India and Argentina; cast pipes by 27,000 tons; steel bars and angles by 26,000 tons; and girders, beams, and joists by 33,000 tons. Argentina and India continue to be the most improving purchasers, and the stagnation in South Africa continues to be marked by diminishing purchases of galvanized iron sheets. Railroad iron continues to be less in demand, the decreased export having been over 60,000 tons. Prices have improved, however, and the total amount received during the eight months has been only £20,000 less than in the corresponding period of 1905. The decreased demand is chiefly from British India.

4. *Imports of Metals and Manufacture thereof, other than iron and steel* (+ £4,395,661).—An increase due very largely to higher prices. These high prices are having so marked an effect on the index numbers that it is desirable to record the present position.

XVII. PRICES PER TON OF RAW METALS IN LONDON.

	Copper.			Tin.			Lead.		
	£	s.	d.	£	s.	d.	£	s.	d.
1902 (average)	57	0	0	121	0	0	11	7	6
1903	62	0	0	127	0	0	11	15	0
1904	63	0	0	127	0	0	12	5	0
1905	74	0	0	143	0	0	14	5	0
1906 (September 7) ..	86	7	6	184	12	6	18	7	6

The effect of these "corners" upon trade is given below :—

(a) *Copper*.—£900,000 more paid for an increased import of only 2000 tons. A portion of this increase goes to Spain, but the bulk is from countries which are not separately stated in the Trade Returns.

(b) *Tin*.—£1,750,000 more paid for an increased import of only 5000 tons. The chief benefit of this accrues to the Straits Settlements, which receive £1,500,000 more for an increased export to the United Kingdom of 4000 tons !

(c) *Lead*.—£300,000 more paid for a decreased import of 14,000 tons. Spain again derives the most benefit from the rise, £250,000 more having been paid to her. Australia is not taking much advantage of the rise, as her exports to the United Kingdom are markedly below those for 1904–5.

5. *Imports of Raw Wool* (+ £4,044,040)—due to rather higher prices and a total increased import of 8 million lbs. ; the chief increase being from India (+ 9 million lbs.), New Zealand (+ 7 million lbs.), Argentina (+ 4½ million lbs.), and South America (West Coast) (+ 3½ million lbs.).

The British Empire is a large wool producer, and the imperial sources of the British raw wool supply are given in the following table in italics :—

XVIII. SOURCES OF BRITISH RAW WOOL SUPPLY (1906).
(8 months, to August 31, 1906.)

Country.	Raw wool in lbs.
1. <i>Australia</i>	<i>178,212,401</i>
2. <i>New Zealand</i>	<i>187,611,960</i>
3. <i>British South Africa</i>	<i>49,826,487</i>
4. <i>India</i>	<i>36,240,409</i>
5. <i>The Argentine Republic</i>	<i>28,276,348</i>
6. <i>South America (West Coast)</i>	<i>18,027,430</i>
7. <i>France</i>	<i>16,346,565</i>

It will be noted that, since the publication of the table on p. 352, India and Argentina have changed places, so that the four most important positions are now held by sections of the British Empire.

6. *Exports of New Ships* (+ £3,811,315).—This increase is largely due to the recent large British sale in 1906 of old ships of war for which £2,800,000 was received, but there is a continual increase in the sale of manufactured steam-ships, the increase on this account in 1906 being over £1,000,000.

7. *Exports of Coal and Coke* (+ £3,586,179).—This increase is not

affected by the abolition of the export duty, which does not take effect until November 1, 1906. The increase consists of a large increase in quantity (+ nearly $5\frac{1}{2}$ million tons). France has bought nearly 7,000,000 tons more than in 1905, and Italy nearly 1,000,000 tons more. Germany and Holland continue to show slight decreases, though in both cases the export is considerably above that of 1904.

8. *Imports of Raw Cotton.*—This article only shows a change of £233,641 above that of 1905, but this figure does not reveal the magnitude of the change, as the decreased import has been no less than 2,230,000 cwts. The fall has been almost entirely in the cotton imported from America, though Egyptian cotton shows some diminution.

Shipping Clearances.—Concurrently with the growth of foreign trade the cargoes entered and cleared are increasing. The net increase in cargoes cleared to August 31, 1906, is 3,219,800 tons, and in cargoes entered 1,281,677 tons. The percentage of the increase carried in British ships continues to be greater than in foreign ships, the ratio being roughly 4 : 3 in cargoes cleared and 2 : 1 in cargoes entered.

THE DIRECTION OF BRITISH TRADE.—The figures are now published up to June 30, 1906, and it is very interesting to see the three main divisions of the world from which the United Kingdom makes its purchases.

The two minor divisions consist of (a) the remainder of the British Empire, and (b) the United States of America. Each of these communities is now sending to these islands goods of a remarkable equality in value. The third division of "foreign countries" exceeds a combination of the first two groups, but not by a very large percentage.

XIX. BRITISH (HOME) IMPORTS—COMPARATIVE VALUES OF GOODS RECEIVED.
(6 months, to June 30, 1906.)

					£
Shipped from United States	..	..	..	..	69,065,958
" " remainder of British Empire	..	..	..	..	69,979,568
" " foreign countries	..	..	..	..	161,427,809

This division does not hold good in exports, as the United States buy few goods direct from the United Kingdom, and it is hardly worth grouping them separately. Including the United States among foreign countries, the proportion between British sales to foreign countries and those to the rest of the empire is roughly 2 to 1. The figures are as follows :—

XX. BRITISH (HOME) EXPORTS—COMPARATIVE VALUES OF GOODS SOLD.
(6 months, to June 30, 1906.)

	£
Shipped to foreign countries and United States of America ..	123,343,950
„ remainder of British Empire	57,249,566

The trend of the trade to individual countries is a question of importance, and it is proposed to classify the countries according to the magnitude of their trade with the United Kingdom.

IMPORTING COUNTRIES IN ORDER OF MERIT (6 months, to June 30):—

(a) IMPORTING COUNTRIES OF THE FIRST CLASS (OVER £100,000,000 PER ANNUM).

1. *United States of America.*—Imports into United Kingdom, diminishing in value during 1904 and 1905. The figures to June 30, 1906, however, show a great leap upwards, wiping out the diminutions of 1904 and 1905, and attaining the record figure of £69,065,958.

(b) IMPORTING COUNTRIES OF THE SECOND CLASS (OVER £50,000,000 AND UNDER £100,000,000 PER ANNUM).

2. *France.*—Steady increase year by year. The 1906 increase is exceptionally large, and the total to June 30, 1906, is £27,570,426.

(c) IMPORTING COUNTRIES OF THE THIRD CLASS (OVER £25,000,000 AND UNDER £50,000,000 PER ANNUM).

3. *Germany.*—Steady growth, year by year. A larger growth in 1906, and a record import to June 30, of £18,592,604.

4. *Netherlands.*—Stationary from 1903 to 1905. A good increase in 1906. Import to June 30, £17,699,521. Some of this merchandise, however, floats down the Rhine into Holland, and is thus really German in origin.

5. *Australia.*—Very large rises year by year since 1902. As an evidence of this great rise, it should be noted that the total to June 30, 1906 (£16,660,264), nearly equals that for the whole year 1903 (£17,057,527).

6. *India.*—A jump of over £3,000,000 in 1904 over 1903. Since 1904 the trade for the six months has remained practically stationary. On June 30, 1906, it was £16,331,130.

7. *Belgium.*—Stationary for 1903–1905. Fair increase to June 30, 1906 (£14,839,629).

8. *Argentina.*—This country entered the third class for the first time in 1905. Imports to June 30 show a rapid rise in 1903, and

steady smaller rises in 1904, 1905, 1906. Figures to June 30, 1906 = £12,174,335.

9. *Canada*.—Erratic but general fall from 1903–1905. A rapid jump upwards in 1906. Import to June 30, £11,168,134.

10. *Russia*.—Good growths in 1903 and 1904. Better growth in 1905. A slump in 1906. The figure to June 30 (£11,128,365) was less than in any of the previous three years.

EXPORTING COUNTRIES IN ORDER OF MERIT.—(a, b) There are no countries of the first and second classes to which the United Kingdom exports goods.

(c) EXPORTING COUNTRIES OF THE THIRD CLASS (OVER £25,000,000 AND UNDER £50,000,000).

1. *India*.—A large increase to June 30, in 1904, over 1903, and then a steady increase year by year. Total export to June 30, 1906 = £21,334,215.

2. *Germany*.—An increase year by year since 1902, each year's increase being greater than that of the previous year. The total export to June 30, 1906, was £15,402,752.

COMPARATIVE FOREIGN TRADE OF UNITED KINGDOM WITH THAT OF OTHER CHIEF COMMERCIAL NATIONS.—(i.) *America*.—In the export trade the neck-and-neck race between the United Kingdom and the United States continues. The United Kingdom has, however, drawn to the front since the publication of the figures to March 31 (p. 354), and on June 30, 1906, had a lead of about £4,500,000.

XXI. COMPARATIVE EXPORTS—UNITED KINGDOM AND UNITED STATES.
(6 months, to June 30.)

				United Kingdom. £				United States. £
1904	..	..	..	144,117,000	..	..	..	137,506,000
1905	..	..	..	155,706,000	..	..	..	151,283,000
1906	..	..	..	180,594,000	..	..	..	175,961,000

In imports there is, of course, scarcely any comparison yet, but the figures to date show a fairly steady increase on the part of the States.

XXII. COMPARATIVE IMPORTS—UNITED KINGDOM AND UNITED STATES.
(6 months, to June 30.)

				United Kingdom. £				United States. £
1904	..	..	..	234,891,000	..	..	..	105,904,000
1905	..	..	..	233,077,000	..	..	..	122,904,000
1906	..	..	..	256,154,000	..	..	..	132,812,000

(ii.) *Germany*.—The German figures have still not yet been received by the Board of Trade. It is not possible, therefore, to publish the usual tables giving the comparative growth of British and German foreign trade.

WHEAT.—(i.) *General Position*.—The cereal year 1905–6 closed on June 30, 1906. The order of the exporting countries is as follows :—

XXIII. ORDER OF MERIT OF CHIEF WHEAT-EXPORTING COUNTRIES, 1905–6.

Country.							Bushels exported. (Winchester measure.)
1. Russia	..	..	..	..	..	..	163,616,000
2. United States and Canada	..	..	..	..	..	..	135,390,000
3. Argentina	..	..	..	..	..	..	109,240,000
4. Danubian nations	..	..	..	..	..	..	78,648,000
5. Australia	..	..	..	..	..	..	29,936,000
6. India	..	..	..	..	..	..	26,841,000
7. Chili (North Africa)	..	..	..	..	..	..	2,875,000
8. Austria-Hungary	..	..	..	..	..	..	1,104,000
Total							547,650,000

The chief point to note in this table is the large total export. This exceeds the quantity exported in 1904–5 by nearly 40,000,000 bushels—a very large increase. The cause of this is principally the rush to import wheat into Germany prior to the raising of the tariff on March 1, 1906. Italy and Spain have also increased their imports. In view of this increased production, however, lower prices might reasonably have been looked for, but, on the contrary, they hovered just over 30s. per quarter until August 11. The chief cause of the maintenance of prices at this level has been the holding back of supplies by the American merchants. This is exemplified in the following table :—

XXIV. STOCK OF WHEAT AVAILABLE IN UNITED STATES AND CANADA.

								Bushels.
1906, August 11	..	..	..	..	..	..	..	44,394,000
1905, " 12	..	..	..	..	..	..	..	21,406,000
1904, " 13	..	..	..	..	..	..	..	18,508,000

Wheat, however, is like water. It can be dammed up for a while with impunity, but if the damming process is continued for some time, there is danger of a breach forming. When it does form, there is a catastrophe for the dammers. The breach began to form on August 11. The following table shows the subsequent rush :—

XXV. GAZETTE PRICES OF BRITISH WHEAT PER QUARTER.

								s.	d.
1906, August 11	..	..	..	..	..	..	..	30	5
" " 18	..	..	..	..	..	..	..	29	0
" " 25	..	..	..	..	..	..	..	27	9
" September 1	..	..	..	..	..	..	..	26	9
" " 8	..	..	..	..	..	..	..	26	4

The first six weeks' statistics of the new cereal year (1906-7) show (a) a return to the normal rate of export, the exceptional German demand having been relaxed ; (b) the United States of America and Canada are again contesting with Russia for the honour of being the chief wheat-exporting country.

(ii.) *British Purchases.*—The present chief sources of the British wheat supply are shown by the following table :—

XXVI. SOURCES OF BRITISH WHEAT AND WHEAT FLOUR SUPPLY (1906).
(8 months, to August 31, 1906.)

	Wheat.	Wheat flour.	Total.
	cwts.	cwts.	cwts.
1. United States of America ..	14,481,900	6,046,170	20,528,070
2. Argentina	17,048,000	127,500	17,175,500
3. Russia	10,448,000	—	10,448,000
4. Canada	7,183,600	1,327,400	8,511,000
5. Australia	7,148,100	—	7,148,100
6. India	6,231,500	403,700	6,635,200

The chief changes in the sources of supply from those of 1905 are (a) the fall of India from the first place to the sixth, (b) the return of the United States from the fifth place to the first, and (c) the change in position of Canada with Australia. The Argentine Republic and Russia maintain the same relative position as in 1905.

(iii.) *British Consumption.*—The total British home consumption may now be continued to August 25, 1906, which concludes the British harvest year. The notable feature is the marked increase of British home-grown wheat. The total sales show a slight increase over 1904-5, and a rather smaller increase over 1903-4.

XXVII. BRITISH (HOME) CONSUMPTION OF WHEAT.
(52 weeks, to August 25, 1906.)

	1903-4.	1904-5.	1905-6.
	cwts.	cwts.	cwts.
Foreign imports	113,178,300	115,992,000	108,430,000
Home-grown sales	24,590,800	20,142,900	33,820,900
Total home supplies ¹ ..	137,769,100	135,816,900	141,677,000

¹ Allowing for home sales, etc.

The returns are now to hand showing the percentage of the imports of wheat and flour received by the United Kingdom from the various sources of supply. The increase of imports from sources within the empire is interesting, but the apparently rapid rate of increase should be a good deal discounted by the knowledge that the harvests in the United States have not been good during the past three years. When the 1906 figures are published, they will probably show some reaction.

**XXVIII. PERCENTAGES OF SOURCES OF BRITISH WHEAT
AND WHEAT FLOUR SUPPLY.**

(Entire years.)

	British Empire.	United States.	Foreign countries.
1900	12·3	58·2	29·5
1901	19·3	66·2	14·5
1902	23·6	60·2	16·2
1903	27·0	40·0	33·0
1904	39·2	15·7	45·1
1905	37·7	12·7	49·6

The term "foreign countries" in this table is almost a synonym for "Russia and Argentina."

COTTON.—(i.) *The General Position.*—The cotton position has been exceptionally interesting during the past three months. The British cotton "reserve" has been brought into play with excellent results. The process will be seen in operation from the following tables :—

XXIX. BRITISH CONSUMPTION OF BALES OF RAW COTTON.

	1905.	1906.	Increase to date in 1906.
	Bales.	Bales.	Bales.
September 1 to June 29	3,282,100	3,338,716	+ 56,616
" " August 2	3,590,203	3,659,735	+ 69,532
January 1, 1906, to September 7	2,548,999	2,643,136	+ 94,137

This table shows that the mills have been working at full pressure, and that the consumption of raw cotton has indeed slightly increased. A corresponding increase, however, has not been imported, for the sufficient reason that the American cotton-brokers were trying to hold up the price in the face of official forecasts of an abundant crop for 1906–7. The following table shows how British importers have been "holding off" during the past few months :—

XXX. BRITISH IMPORTS OF BALES OF RAW COTTON.

	1905.	1906.	Decrease to date in 1906.
	Bales.	Bales.	Bales.
September 1 to June 29	2,251,800	2,008,786	— 243,104
" " August 2	2,512,245	2,163,912	— 348,333
January 1, 1906, to September 7	2,748,370	2,250,779	— 497,591

The corresponding table shows how the vacuum thus created has been filled by drawing on the British reserve supply.

XXXI. BRITISH STOCK OF BALES OF RAW COTTON.

	1905.	1906.	Decrease to date in 1906.
	Bales.	Bales.	Bales.
June 29	840,520	745,800	— 94,720
August 2	765,600	551,570	— 214,030
September 7	707,550	361,070	— 346,480

The effect of this holding-off process on the price of the raw material began to make itself felt about the end of July, and the price has been falling slowly since this date.

XXXII. PRICE OF RAW COTTON PER POUND IN LIVERPOOL.

1906.	d.
July 26	6·06
August 2	5·99
" 9	5·84
" 16	5·56
" 23	5·34
" 30	5·39
September 6	5·41

The principal other consuming countries do not seem to have been able to "hold off" to the extent that the United Kingdom has "held off." This will be seen by comparing the relative amounts of cash paid to the United States for the twelve months ending June 30, 1906. As later returns come to hand, this tendency will probably become more marked.

XXXIII. CASH PAID TO UNITED STATES FOR RAW COTTON.
(12 months, ending June 30, 1906.)

	1904-5.	1905-6.
	Dollars.	Dollars.
United Kingdom	176,261,101	177,590,226
Germany	87,392,063	101,535,121
France	35,922,603	45,112,034
Italy	22,519,739	26,786,146

Taking the sales of the United States as a whole, the following table shows the effect of the comparatively higher prices obtained :—

XXXIV. CASH VALUE OF AMERICAN EXPORTS OF RAW COTTON.

(12 months, to June 30, 1908.)

(12 months, to June 30, 1906.)							
Number of bales sold.							Cash received. Dollars.
1903-4	..	..	..	6,009,194	..	..	370,811,246
1904-5	..	..	..	8,337,964	..	..	379,965,014
1905-6	..	..	..	7,050,856	..	..	401,005,921

(ii.) *British Stock of Raw Cotton.*—The value of British stock of raw cotton is, of course, diminishing rapidly in view of the position described below.

XXXV. STOCK OF RAW COTTON STORED IN UNITED KINGDOM ON SEPTEMBER 6.

								Total value.
Bales.				Value per lb.				£
1904	..	..	146,570	..	..	6·80	..	2,088,900
1905	..	..	707,550	..	..	5·62	..	8,284,231
1906	..	..	361,070	..	..	5·41	..	4,069,570

The fall in the value of the British stock in 1906 is shown below.

XXXVI. VALUE OF BRITISH STOCK OF RAW COTTON IN 1906.

1908.									£
March 1	..	..	..	..	..	..	..	13,500,000
June 6	..	..	..	..	..	..	..	10,865,000
September 6	..	..	..	..	..	..	..	4,069,570

(iii.) *British Sales of Manufactured Goods.*—The export sales of cotton goods manufactured in Britain in 1906 to August 31st continues to be of unprecedented magnitude.

XXXVII. EXPORT SALES OF COTTON FABRICS MANUFACTURED IN GREAT BRITAIN.
(8 months, to August 31.)

[illegible]

**XXXVIII. CHIEF DESTINATIONS OF COTTON FABRICS MANUFACTURED IN GREAT
BRITAIN (1906).**

(8 months, to August 31.)

									[£]
1. Bengal	..	..	..	..	..	..	..	..	8,163,373
2. China (including Hong-Kong)	..			..	..	..	..	..	6,382,626
3. Bombay	..	..	..	..	..	..	..	..	5,288,731
4. Turkey	..	..	..	..	..	..	..	..	3,426,335
5. The Argentine Republic	..			..	..	..	..	..	2,105,845
6. Egypt	..	..	..	..	..	..	..	..	1,911,142
7. Dutch East Indies			..	..	..	..	..	..	1,717,327
8. United States of America				..	..	..	..	..	1,450,975

Since May 31 there has been no change of the relative positions of these chief customers for British cotton fabrics.

SUGAR.—Sugar is fairly steady, but beet shows a rising tendency. Cane sugar on September 1, 1906, was 7s. 9d. per cwt., but beet was 10s. 1½d. The reaction from the corner of 1905 continues to be illustrated by the table of British imports :—

XXXIX. SUGAR IMPORTED INTO UNITED KINGDOM.
(8 months, to August 31.)

Year.				Quantity imported.	Price paid.
				cwts.	£
1905	..	..	..	18,346,795	13,556,094
1906	..	..	..	23,285,824	11,855,837
Difference ..				+ 4,939,029	— £1,700,257

Thus, in the first eight months of 1906, Great Britain has obtained 4,939,029 cwts. more sugar for £1,700,247 less money than in 1905.

PRICES GENERALLY.—(i.) *British*.—British prices remain high, the *Economist's* index number at the end of August being 2341. This is a slight reduction from the May number of 2372.

XL. BRITISH INDEX NUMBERS OF PRICES OF COMMODITIES.

1906.				Economist.	Sanerbeck.
End of June	..	..		2362	— 76.9
" July	..	..		2329	— 76.4
" August	..	..		2341	— 76.7
August, 1905	..	..		2212	72.3
" 1904	..	..		2141	70.4
" 1903	..	..		2146	70.0

These high numbers are largely caused by the high prices of metals. The price of tin remains abnormally high. The following table illustrates the change in recent years :—

XLI. PRICE PER TON OF STRAITS TIN ON SEPTEMBER 1.

								£	s.	d.
1904	..	..	..	..	..	..	..	124	5	0
1905	..	..	..	..	..	..	..	149	10	0
1906	..	..	..	..	..	..	..	184	15	0

Copper has pursued a similar course.

XLII. PRICE PER TON OF CHILI COPPER ON SEPTEMBER 1.

								£	s.	d.
1904	..	..	..	..	..	..	..	57	2	6
1905	..	..	..	..	..	..	..	70	5	0
1906	..	..	..	..	..	..	..	85	5	0

(ii.) *American Prices generally.*—The same tendency is visible in American prices, which were also very high in August, 1906. On August 1 the Bradstreet number stood at \$8·3376. This forms the high-record level, the previous high record having been on January 1, 1906, when the number was \$8·3289. The chief changes from January 1 are recorded below.

XLIII. CHIEF CHANGES IN AMERICAN PRICES DURING 1906.
(To August 1, 1906.)

	January 1.	.. August 1.	Change.
(a) Increases—			
1. Metals	0·7010	0·7213	+ 0·0203
2. Fruits	0·1392	0·1582	+ 0·0190
3. Provisions	1·8652	1·8762	+ 0·0110
(b) Decreases—			
1. Hides and leather ..	1·2150	1·1600	– 0·0550
2. Naval stores	0·1039	0·0941	– 0·0098

MISCELLANEOUS.—(i.) *British Unemployed Returns.*—The trade union percentage of unemployed at the end of August, 1906, was 3·8 per cent. The decrease during recent years in the percentage of unemployed can be seen from the following table, though there is some room yet for further reductions to get to the 1899 level :—

XLIV. PERCENTAGE OF BRITISH UNEMPLOYED (T.U.) DURING MONTH OF AUGUST.

	Per cent.		Per cent.
1894 (high point)	7·7	1901	3·9
1895	5·2	1902	4·5
1896	3·4	1903	5·5
1897	3·5	1904	6·4
1898	2·8	1905	5·4
1899 (low point)	2·3	1906	3·8
1900	3·0		

(ii.) *British Pauperism.*—The total number of paupers relieved continues to fall steadily, as will be seen from the following table :—

XLV. NUMBER OF BRITISH PAUPERS RELIEVED ON ONE SELECTED DAY.
(35 selected urban districts.)

	1905.	1906.	Comparison with 1905.
June	380,863	372,700	– 8163
July	374,728	366,704	– 8024
August	379,386	368,295	– 11,091

(iii.) *Work at the London Docks.*—The average number of labourers employed at the London Docks per day has been as follows :—

XLVI. AVERAGE NUMBER OF LABOURERS EMPLOYED PER DAY AT THE LONDON DOCKS.

			1905.	1906.	Comparison with 1905.
					Per cent.
June	..	..	11,341	11,464	+ 1·0
July	..	..	11,638	11,908	+ 2·3
August	..	..	11,324	11,772	+ 4·0

It will be noted that the present trend is in the direction of increased employment.

(iv.) *Seamen shipped.*—The number of seamen shipped during the eight months ending August 31, 1906, was 313,630, as against 296,645 for 1905, an increase of 16,985.

(v.) *Price of Bread.*—The following table, based on returns from 466 British Co-operative Societies, gives a fair idea of the average quarterly fluctuations of the price of a 4-lb. loaf in Great Britain :—

XLVII. VARIATIONS IN PRICE OF BREAD IN GREAT BRITAIN.

			1904.	1905.	1906.
			d.	d.	d.
March 1	..	..	5·30	5·53	5·35
June 1	..	..	5·31	5·43	5·34
September 1	..	..	5·38	5·43	5·43
December 1	..	..	5·55	5·39	—

The maximum limit of fluctuation of an average 4-lb. loaf between January 1, 1904, and September 1, 1906, has therefore been $\frac{1}{4}$ d.

(vi.) *British Railway Goods and Mineral Traffic Receipts.*—This excellent index of British home-trade activity records receipts during the first thirty-five weeks of 1906, to September 1, 1906, of £35,543,361, or £1,331,222 (i.e. 3·9 per cent.) above the corresponding period of 1905.

(vii.) *British Bankers' Clearings.*—The aggregate amount of bills and cheques cleared in the British bankers' clearing houses is as follows :—

XLVIII. BRITISH BANKERS' CLEARING RETURNS, 1906.

	Town clearing.	Country clearing.	Total.
	£	£	£
1906 (to Sept. 12) ..	8,173,585,000	692,244,000	8,865,829,000
1905 " " ..	7,847,856,000	641,676,000	8,489,532,000
Increase in 1906 .. {	+ £325,729,000 = 4.15 per cent.	+ £50,586,000 = 7.88 per cent.	+ £376,279,000 = 4.43 per cent.

(viii.) *The Price of Consols* is as follows :—

XLIX. COMPARATIVE PRICE OF CONSOLS.

1903, September 16 (reduced from 2½ to 2¼ per cent. on April 6, 1903) ..	88½
1904 " 14	88½
1905 " 13	89½
1906 " 12	86¼

It will be seen that the 1906 price is the lowest of the four years.

GENERAL ECONOMIC POSITION.—(i.) *British*.—The foregoing returns indicate the continuance of the trade prosperity recorded in previous issues. There are no signs at present of any reaction, and if national expenditure can gradually be brought back to a more reasonable level, the prosperity may continue yet for some time. There are distant mutterings of a coming storm over the working of the law which compels the Income Tax Commissioners to collect income tax from the colonial, as distinguished from the more strictly home profits of companies domiciled in London, and the subject will need handling with some tact and broad-mindedness. On the other hand it should always be remembered that the *per capita* contributions to the cost of the imperial defensive forces are far larger from the inhabitants of the United Kingdom than from those of the colonies, and it would seem equitable that these two questions of income tax and defence contribution should be considered concurrently.

(ii.) *America*.—The American position continues to be sound. The Federal Treasury is now able to make both ends meet. Federal income is reported to be increasing by rapid strides, while the National Debt charges are diminishing.

(iii.) *Australasia*.—There is a very distinct improvement in the general financial position in Australasia, but all the Governments are weighted down with the burden of large debts, which are, however, partly raised for remunerative purposes. The Commonwealth Treasury proposes gradually to consolidate these State debts into one large "National Debt," to be termed "Australian Consols." The subject, however, is one of great complexity.

OWEN FLEMING.

REVIEWS.

BRITISH IMPERIALISM AND COMMERCIAL SUPREMACY.

By VICTOR BÉRARD. Translated by H. W. FOSKETT. [298 pp. 8vo. 7s. 6d. net. Longmans. London, 1906.]

From time to time of late, foreign savants have kindly indicated to us the inevitable goal of the path along which this country is blindly hurrying. It is always a downward path, leading to the loss of trade and of empire, and the fatal impetus is declared to be given as much by deterioration in our national character as by the inevitable evolution of competing peoples.

M. Bérard, in the newly translated work before us, swells the band. He sees in the school of commercial neo-imperialism which he associates with the name of Mr. J. Chamberlain a chief agent in the downfall of the prosperity attributed by him to the anti-imperialist doctrines of the school of Cobden and Bright. His earlier chapters are devoted to an examination of the late Colonial Secretary's career and opinions, and of the force they have exerted on public sentiment, first in Birmingham, and then throughout the country. With his name are associated those of Seeley, Froude, and Sir Charles Dilke, as leaders in the reaction of the seventies against the so-called "Little Englandism" prevalent during the middle of the last century.

With the developments of the last thirty-five years it is needless to say that M. Bérard has no sympathy whatever. His somewhat qualified eulogies are reserved for the Manchester School as the champion of free trade and peace, and the opponent of State interference. Certainly the true note, which we have seldom heard of late, is struck in the following quotations from the Lancashire manufacturers' evidence before the Parliamentary Commission in 1886: "The less legislation interferes with our trade the more solid will be the basis of our prosperity. There is no doubt that, now and again, we do suffer from over-production. It is not that we produce more than the world can consume, but we produce more than the world can really pay for. What, then, is important is to reduce to the lowest possible limit our prices and the cost of production. The depression has never affected our articles of speciality, and, wherever occurring, it has always been

checked by the rapid adoption of new manufactures, and the adaptation of old trades to new sources of demand."

"Adoption of new manufactures, . . . adaptation to new sources of demand"—the phrase is the antithesis of the demands for privilege reiterated of late with so much insistence by the industries of London and Birmingham. Manchester, says our author, is doing as Germany has done : she has created an army of commercial travellers, through whom she may cultivate direct relations with her foreign *clientèle*, by studying their requirements on the spot. Yet here he is not consistent with himself. While on one page he attributes the policy outlined above to the Manchester merchants, on another he chronicles the passing of the South American market from their control into the hands of the Italians, whose cotton goods are conquering, as he quotes from a consular report "by means of their gaudy colours, and their conformity to the wishes of the immigrant." Here, apparently, Manchester has lost a market through failing, like the rest of England, to consult her customers' tastes. In fact, M. Bérard seems impelled, by his keen sympathy with the liberality of the ideals of the Manchester school on abstract points, to attribute perhaps too great success to its methods in the rough and tumble of international commerce. The peaceful competition lauded by its professors is apt, as it grows in strenuousness, to cease to be peaceful. Writing shortly after the opening of the South African War, he is haunted by the bugbear of *Panbritannisme*. His argument suffers in consequence. More than once he ventures beyond the legitimate limits of hyperbole into absolute absurdity, as when he declares that as a result of the bicycle slump in Coventry in 1897-8, "the entire population had to turn out into the streets, workless, foodless."

While M. Bérard's obvious bias, and the exaggerations into which it betrays him, detract from the value of the work (as does the fact that it has not been brought up to date in the present edition, and so takes no count of the recent revival of trade) as a serious study of our present position ; yet these blemishes might be excused could they but speed up the transformation in our business methods urged with one voice by our consuls abroad. M. Bérard holds up to us as an example, not his own country, to which the references are few and somewhat pessimistic in tone, but Germany, her thoroughness and her consistent and far-sighted adaptations of means to ends,—yet not Germany the home, as she is usually regarded by English people, of paternal government, but Germany in an unfamiliar light, for he attributes her success to the initiative of private combinations of business men, not to the directing hand of the State.

The rise of Stettin since 1871 is cited as a case in point. In that year, nineteen of her leading citizens formed themselves into a *Verein*, or association, for developing the foreign commerce of the port, then carrying on simply a coasting trade in the Baltic. They founded classes for studying foreign languages and commercial geography, and despatched representatives thus trained to South America and India to study openings for trade with those countries. Since then, Stettin has grown to be one of Prussia's largest ports.

British consular reports galore are quoted to prove that the German manufacturer and merchant is distinguished from his English rival by his command of greater technical skill, and his readiness to adapt himself and his wares to his customers' needs, and even to their caprices. But this is a twice-told tale, and if our countrymen have not learnt its lesson already, it is not for lack of zealous teachers. It is important to note that the author contests the assertion that the German owes the qualities which have led to his commercial success to his military training. Indeed, he observes, "Germany has ever been the first to reduce the extent and length of effective service. Here, again, business Germany has made her voice heard. . . . Up to the present she has not succeeded in convincing Europe of her pacific intentions ; she has done better ; she has imposed them on the most militarist of emperors," who "has become the traveller-in-chief of German merchandise and German capital." This view of the Kaiser as being run by a mercantile syndicate of his own subjects is entertaining, but can it have any verisimilitude?

On the whole, the book may be summed up as a somewhat rhetorical indictment of twentieth-century Britain as being in politics aggressive, and in industry and commerce incompetent.

C. H. D'E. LEPPINGTON.

INDUSTRIAL EFFICIENCY : A Comparative Study of Industrial Life in England, Germany, and America. By ARTHUR SHADWELL, M.A., M.D. [2 vols. xiii., 346 + 488 pp. 8vo. 26s. net. Longmans. London, 1906.]

It would be difficult to appraise too highly the value of Dr. Shadwell's work. The subject of his investigation is patently of first-rate importance from the national point of view, and it is handled in a way that is altogether admirable and excellent. Enormous pains must have gone to the mere collection of the vast mass of detailed information, largely drawn from direct personal inquiry and observation as well as from official documents, which has made such a comparison possible ; no less care and skill have been applied to the task of sorting out,

correlating and presenting the materials at the author's disposal ; and the whole style and method of treatment is conspicuously lucid and readable.

The purpose of these volumes is to offer a systematic comparison of the conditions under which industries are carried on in the three great countries, each of which may fairly claim to be eminently prosperous, which are most impelled to face the pressure of international competition. Dr. Shadwell begins with a general comparison of the national qualities of England, Germany, and America, and then proceeds to describe typical industrial districts in each of these countries. These four chapters make up the first volume. In the second volume, chapters v. to xvii. deal with more specific questions, which may be grouped under three main divisions : (a) the factory—including legal regulations, hours, wages, compensation for accidents, etc. ; (b) the home—including housing, cost of living, games, drink, gambling, etc. ; and (c) trade unions, pauperism, and education. Finally, there is a concluding chapter, which summarizes the author's view of the whole situation.

Dr. Shadwell's attitude of mind is entirely sane and judicious, his shrewd criticisms of each nationality in turn are always happily tempered with ready appreciation of any qualities which seem to make for efficiency, and throughout his whole treatment of the subject he manages to preserve an air of strict impartiality, and does not profess to advocate any particular reforms. Individualists and socialists, free-traders and protectionists, capitalists and workmen, may each alike find arguments ready to hand for their own peculiar objects ; but no one can claim Dr. Shadwell as an out-and-out partisan, and those who endeavour to grasp the full significance of the facts laid before them can hardly fail to recognize some necessary qualifications in the presentation of their own views.

Two examples may be given of Dr. Shadwell's comparisons. "The German method of advance is by careful, well-considered steps ; the American by brilliant leaps—it is much quicker but sometimes lands in the wrong place. The English, as I have said, come between. They are less—very much less—methodical than the Germans, less alert and enterprising than the Americans. . . . Their work is distinguished by solidity, durability, and finish, and at the same time they have been great pioneers, the greatest. They are an inventive people ; the inventive genius of the Americans is derived from their British blood, and not a few of their inventions are actually of British origin. . . . Thus in regard to national qualities the English are perhaps rather better equipped by nature for industrial success than

either of their chief competitors. Wherein they fail is in the application of their powers, which have been to a great extent allowed to fall into disuse, while the others have gone ahead each in her own way" (i., pp. 26, 27, 28).

Again, with regard to the use and pace of machinery: "The object, from the point of view of industrial efficiency, is neither quantity nor quality in itself, but a combination of the two in varying proportions according to the class of products. This problem seems to me to be better solved in English factories than in those of the United States or of Germany. The former are apt to make too much of speed, the latter too little. It is not in the German temperament to hurry, and they never sacrifice quality to speed; but they sometimes do the reverse when it is unnecessary. . . . Between the two extremes comes the English temperament, more careful of quality than the American, more capable of speed than the German. In industries which have their equipment up to date the combination of speed and quality attained by English manufacturers easily surpasses either of their competitors. Of this cotton is a notable example" (ii., p. 77).

It is tempting to cite many more samples of Dr. Shadwell's wide knowledge and clear thinking; but a few brief references must suffice to indicate how comprehensive are the practical bearings of this most interesting and instructive study. For instance, on the real scope and prospects of the "back to the land" cry which is being so loudly proclaimed; the causes of the terribly high rate of infant mortality in certain industrial centres (at Preston, in Lancashire, it amounts to 232 deaths under the age of one year per 1000 births, while at Chemnitz, in Saxony, the rate rises to 331); the possibilities of model settlements as founded by some benevolent employer; the effects on industrial life in Germany of systematic religious teaching on a definite denominational basis, and of compulsory military service—on these and many other similar topics Dr. Shadwell has something to say which is always illuminating and suggestive.

The chief explanation offered for the rapid and increasing success of Germany and America in international competition may be summed up in the one word "work." "In every branch of human activity," we are told, "work is efficiency." But, according to Dr. Shadwell, though the English people possess plenty of energy, and still maintain their industrial and commercial supremacy, they have become more and more inclined to "make play their work." In themselves, of course, games are entirely wholesome and should be encouraged among all classes of the community; but when they assume the guise of "a constant pre-occupation," about which men think and talk all the

week, it must be admitted that this is bound to have deplorable results in every department of the national life. It is the inevitable outcome, Dr. Shadwell holds, of excessive prosperity. Every rank and grade in the social scale from top to bottom is involved in this charge. Manufacturers, workmen, legislators, Government departments, local authorities—all are bent on ease and amusement. "That is the universal business. . . . Not every individual, of course, but every class. We are a nation at play. Work is a nuisance, an evil necessity to be shirked and hurried over as quickly and easily as possible in order that we may get away to the real business of life—the golf course, the bridge table, the cricket and football field, or some other of the thousand amusements which occupy our minds, and for which no trouble is too great" (ii., p. 454).

However, Dr. Shadwell is an optimist, because he sees definite grounds for the confident belief that England has already begun to wake up. Even the renewed pressure of the problem of unemployment, another result of the national slackness, is turned to account as likely "to prove the folly of breeding loafers, and to induce a sane and manly habit of thought." We may rely, then, "on the steady massive pressure of economic conditions to correct the functional disorder, brought on by repletion in a still fairly healthy body, but not yet advanced to an organic disease" (ii., p. 466).

J. CARTER.

THE THEORY OF BUSINESS ENTERPRISE. By THOSTEIN VEBLEN, Professor of Political Economy in the University of Chicago. [400 pp. 8vo. 6s. Scribner. New York, 1906.]

This is a most remarkable and valuable contribution to recent economic literature. It starts so many and such various theories, that, though we cannot agree with them all, we cannot but marvel at the originality and daring of the author. There are two different schools of thought which attack the existing economical framework of society. The one school, of a somewhat crude and unreflective character, vehemently denounces the wealth of the millionaire, and demands that some of his ill-gotten gains should be handed over to the deserving poor. The other school declares that the real evil at present is that we have not yet been able to produce enough wealth to overcome the struggle for existence. It insists that our unscientific methods of production and the waste caused by undue competition are responsible for this, and that the real remedy is to put production upon a scientific basis. Professor Veblen must be ranked among the adherents of this latter school, and his whole book is a daring attack upon the absurdity

of modern methods of production. The author wages war on the whole school of orthodox political economists, and declare that they have not yet adapted themselves to modern industrial methods. They still repeat the worn-out shibboleths of Adam Smith and J. S. Mill, and forget that the old order has changed, giving place to the new era of the joint-stock company and the trust, with their attendant train of dividends, debentures, and preferred stock. Political economy, we are told, still insists that in the long run the interests of the producer and consumer are identical. The producer wishes to get as much as possible for his goods, the consumer to get the goods for as little as he can. If the consumer offers too little, the producer will cease to produce; if the producer asks too much, the consumer will buy from another rival producer; and a stable equilibrium is produced by the divine laws of competition.

Such an economic harmony Professor Veblen declares to be totally inapplicable to modern methods of production. The producer, so long as he had complete control over the processes of production, made it his aim to turn out a steady stream of goods which would sell at a price sufficient to pay him interest on the capital invested. But the producer is no longer master in his own household. There has arrived upon the scene a new and strange phenomenon, the "business man" proper, who controls the financial part of the business, and leaves the productive process to the paid manager. The "business man" first appeared in the United States, and though he has recently appeared also in England, it is in America that he has attained the full stature of manhood, in such giants as Carnegie, Rockefeller, Astor, or Pierpont Morgan. The aim of these "business men" is not to turn out the greatest number of goods which will sell at a profit. Their attention is mainly concentrated on the "vendibility of the corporate capital."

For example, let us consider the concrete instance of any one of the companies started within recent years. According to the economic text-books, just so much money would be raised as would pay for the cost of the plant and the raw materials. Interest would be paid to those who had lent the money out of the profits derived from the sale of the articles produced. But at the present time the whole face of business has changed. A great financier or group of financiers decides upon starting a new company. Preference stock is issued in sufficient quantities to pay for the expense of buying the plant and raw materials, and a fixed return of interest, 5, 6, or 7 per cent., is guaranteed to the preferred stockholders, who thus hold practically a mortgage on the fixed plant. But the real aim of these "business men" is to gain complete control of the company. And this they secure by means of

the common stock, all of which they usually hold in their own hands. The striking fact is that this common stock represents no material assets at all. It represents only immaterial assets, such as good-will, and the brains and financial backing of those who start the company. But it is obvious that there must be some limit to the amount of the common stock issued. So the limit is set by the *prospective* earnings of the company during at least the first two or three years of its existence, which are thus capitalized. Another important point to be noticed is that, as a rule, hardly any of the common stock is paid for by these financiers, and, as we shall see later, this has an important bearing upon the future history of the company.

Professor Veblen gives as a typical instance the American Chicle Company. The preferred stock was \$3,000,000, no less than three times the amount of the tangible assets, while the common stock, which represented no material assets at all, was \$6,000,000. The actual owners of the company, as far as we can talk of owners at all in such corporations, are the holders of the preferred stock. Their interest is that the Chicle Company shall turn out a steady quantity of goods at such a price as to secure themselves a safe return for their \$3,000,000. It is their money which has bought the plant, and if the company fails all that they can hope to get is whatever price the plant will fetch in the market. But though we may call these the owners, the actual control is in the hands of the holders of common stock, usually a ring of financial magnates who control the company by thus holding the major part of the stock. Their interests are identical neither with those of the preferred stockholders, nor of the consumers. The preferred stockholder wishes to keep the price to such a level as to get a steady return for his money; the consumer wishes to be able to get a steady supply of goods at a cheap rate. But the financier who holds the major part of the stock manages the production solely with a view to the vendibility of the corporate capital. Sometimes he may sell the goods below cost price and thus momentarily benefit the consumer. By doing this he reduces the profits of the company; the value of the stock falls; and he then buys in more for himself. Or again, if he sells his goods for a time below cost price, he can ruin his rivals, buy up their concern, and start a monopoly; whereupon prices are raised again, and the consumer has to suffer. A still more favourite device is to raise the price of the articles produced to a very high level for a few years, before rival firms have time to spring up and enter into competition. During these few years the profits are enormous, and the value of the stock may double or even treble, while the dividends may rise as high as 50 per cent. Then what if the crash comes from

competition? The financier has in most cases sold out before that to small investors; but even if he has not been able to do so, he cannot lose money which he has never paid in.

There is one obvious criticism of this theory. Professor Veblen seems to think that this process of watering capital will go on at an ever-accelerating rate. But he has forgotten that in most cases the only value of this watered capital lies in the possibility of selling it to small investors; and this fact sets a fixed and inexorable limit to the process of watering. The smaller investors can always refuse to buy stock from the big financiers; and in the United States we find a growing disinclination on the part of small investors to take up the stock offered by the financial magnates.

The harm done at present to production by these financiers must be obvious to all. But Professor Veblen does not stop here. We have had a great many books written lately on industrial depression, and we have heard a great deal about cycles of bad trade. Professor Veblen boldly declares that "cycles of trade depressions have disappeared for the last twenty years, and if our present economic conditions continue, will never occur again." "For the last twenty years," he writes, "the normal condition in industrial business has been a mild but chronic state of depression." He then proceeds to give his reasons for this statement. We shall understand them more clearly if we compare and contrast them with those of Mr. J. A. Hobson. In the *Evolution of Modern Capitalism*, Mr. Hobson declares that overproduction is the cause of trade depression. We have, he says, so much capital that new concerns are continually being started which compete with former ones, and go on producing until the market is overstocked. Professor Veblen replies that "the supply of consumable goods is practically never greater than the community's capacity for consuming them." Depression, he insists, has been too often looked at from the side of production and consumption, instead of from the side of business enterprise. The tendency in every modern enterprise is to overcapitalize at the start. This does not mean what Mr. Hobson means by overcapitalization. The tendency is not to introduce too much machinery, but to capitalize its future earnings on too high a basis. The body of financiers who have floated the company have invested in it perhaps a million pounds, with which they have bought common stock. It may be that they have paid down none of this in cash, because the preferred stock is enough to cover the cost of the plant. But they demand at least 5 per cent. on their money, while the interest on the preferred stock is a fixed charge always present. At first, if the company has been soundly started, it can easily pay such interest.

But soon a new process of machinery or a new company is started which can produce the same goods more cheaply. In ordinary cases the remedy for the old company would be to sell its goods at reduced prices. But although the demand for such goods at a reduced price might be enormous, the original company cannot afford to sell at this reduced price, because of the heavy charges for interest to which it is liable. If it sells its goods at a cheaper rate and pays much below 5 per cent. on its capital, the result is that the value of the shares goes down enormously ; and if it wishes to raise new capital to put in up-to-date machinery, it finds that no one will invest any more in the company because of the lowness of the price at which its shares are quoted. The result is that in many cases the old company goes bankrupt, and the loss falls, as a rule, not on the original financiers, who have sold out, but on small investors who have bought up the stock. Twenty years ago, says Professor Veblen, many firms used thus to go bankrupt, and the result was that, as fewer articles were produced, prices used to go up, and then more companies would start and a fresh boom would begin. But now, he declares, prices are always falling so rapidly that there is no time for a boom, and the result is "a mild but chronic state of depression."

As an *a priori* piece of reasoning, this argument that cycles of trade depression are no longer possible is very convincing. I wish, however, that the author had given us some explanation of the fact patent to all, that during the last twenty years in England and America we have had the same cycles of trade depression and exaltation as we had in previous years.

Very interesting is the final stage of the argument, which deals with the inevitableness of trusts. The great financiers will not give up their methods of overcapitalization, because they find it so much more profitable than the methods of the past. On the other hand, they are still badly hit by the depressions which ensue when a fresh company with improved machinery has made it impossible for the old to pay the high rate of interest with which it is charged. It can only do this if prices can be kept at a steady level, and to effect this trusts and cartels are the best machinery. "They are," says Professor Veblen, "the necessary and logical outcome of the modern methods of business enterprise, and of the modern ideas of property which allow a man or a small group of men to have complete control over the supply of the staple necessities of life." But when he has shown us the impossibilities of the present state of affairs, and has brought us to the very brink of a solution, Professor Veblen tantalizes us by drawing back, and declaring that his duty is to state what is, and not what ought to be. Still, for

all that, the book is one which thoroughly deserves careful attention. It handles in a bold and vigorous manner the new economic problems which have sprung up during the last thirty years, and the book should be carefully studied by all who are interested in the economic developments of the future.

J. ST. G. HEATH.

DIE AUFGABEN UND DIE THÄTIGHEIT DER DEUTSCHEN INVALIDEN-VERSICHERUNGS-ANSTALTEN IN DER ARBEITERWOHNUNGSFRAGE. Von C. SCHMIDT, Doctor der Staats-Wissenschaft. [vi., 217 pp. 8vo. Neubner. Cöln, 1905.]

We can scarcely at the present time learn too much about housing. Especially do I feel bound to consider information opportune which shows in what manner the working classes are enabled, by judicious advances of such money as they have themselves first contributed, to provide dwellings for themselves by their own efforts—that is, almost necessarily, by co-operation. Working folk's own co-operation can, as, among many other returns and publications, the book here noticed plainly shows, where so assisted with money effect a very great deal in the best possible way, and without any loss or risk to the funds drawn upon. Germany, financially strengthened for this purpose by the possession of its old age pensions funds, has led the way in experiments of this sort, and has achieved a signal success. The provincial fund (of Hanover), which, under a happy inspiration of its chief, Dr. Liebrecht, first made a portion of its holdings available for housing purposes in 1892, has now, as an official return issued subsequently to the publication of Dr. Schmidt's instructive volume shows, close upon £1,000,000 outstanding in advances for working men's dwellings, whereof very nearly half has been lent to co-operative societies. If the remaining thirty old age pensions offices had been equally liberal, or equally progressive, there would now be about £30,000,000 of working men's money employed in working men's housing, and about £14,000,000 of that sum under the management of the working men themselves. As a matter of fact, at the time when Dr. Schmidt compiled his statistics, only about £5,000,000 or so had been thus laid out. That sum has grown in the meanwhile (up to last year) to about £7,000,000; and it continues growing. Dr. Schmidt's carefully collected figures show that, of the thirty-one funds spoken of, only that of Mecklenburg-Schwerin, which is a backward country in all things, had thus far failed to lay out money in the way indicated. Accordingly the practice may be said to have become general. The £7,000,000 referred

to is said to represent about 10 per cent. of the collective funds held by the pensions offices, which are, of course, contributed in largely varying proportions. Taking, however, the mean figure, the corresponding proportion of our savings banks' money would mean £24,000,000 bestowed upon housing purposes, with which a good deal might be effected. And in Germany the savings banks help in addition. Indeed, some years ago, Herr von Knebel-Döberitz, who is at the head of the savings banks department of Prussia, publicly expressed a hope that the great housing problem might prove before long capable of solution entirely by the action of the savings banks.

Dr. Liebrecht has found, and still maintains, that in lending to co-operative housing societies he is able to go further than he is in dealing with other borrowers, because practically co-operative societies offer greater security. He had gone up to 97 per cent. of the cost of the buildings erected, without evil results. And a recent imperial inquiry, comparing 1995 dwellings constructed by co-operative housing associations with 1705 otherwise constructed, in the same places and under similar conditions, has made it clear that the co-operative dwellings are better built, and make more allowance for sound hygiene and bodily comfort—as, for instance, by the provision of bath-rooms, wash-houses, and the like—and are, in addition, generally a trifle cheaper. The Old Age Pensions Fund of Hanover lends money to co-operative housing associations—as probably do other offices—at 3 per cent., in addition to a small charge for sinking fund. That is a trifle less than it can obtain elsewhere. But it judges that it more than takes out the difference in a reduction of payment of disablement pensions, since good homes are found to mean less illness and less disablement and decay.

Most of my facts and figures here quoted are taken from returns issued later than Dr. Schmidt's book. This has been done, not with any view of eclipsing that book, but rather of adding force to the author's arguments and pleadings, by showing how the movement has progressed since he wrote, and is still progressing. His book gives an exceedingly good conspectus of the methods adopted, with full particulars in the text and tables. There is no other book, to my knowledge, which so succinctly and comprehensively describes the whole proceeding.

HENRY W. WOLFF.

A HISTORY OF ENGLISH PHILANTHROPY. By B. KIRKMAN GRAY. [302 pp. 8vo. 7s. 6d. net. King. London, 1905.]

The author's desire is to make some contribution to the answer to the question—"What is the meaning and worth of philanthropy?"

As a step towards reaching the answer, he has been led to examine a particular period of English history. He takes as starting-point the dissolution of the monasteries as giving the date when "modern problems began to formulate themselves with great precision;" he ends his period with the first census, taken December 31, 1800, both as being an important landmark in itself—"the first official recognition of the duty of the State to know in detail the vital, cultural, and economic condition of the whole nation"—and also as a convenient barrier to shut out "matters of present-day controversy."

The period for the purpose of this history is divided into three main sections, the middle section being that of Puritan ascendancy, which in philanthropy, as in all other great movements, stands out as a time of decisive changes. In the first section we are faced, especially in Elizabeth's reign, with an immense problem. From numerous causes the whole social groundwork of English life was undermined: England was passing through the change "from status to contract;" in the course of this, especially through the change from agriculture to sheep farming, hundreds of men were left idle, and further, by the dissolution of the monasteries "there was a corresponding decrease in the means of relief." The author notices, in his account of the means of relief adopted, (1) the joint action of private charity and municipal or public "charity" (for both were regarded as charity, and were hardly distinguished); (2) the gradual recognition that there were unemployed as well as unemployable; (3) serious attempts "to set the poor on work:" the provisions of a gift for this purpose at Thornebie, near York, is quoted as typical of many others (p. 26)—the money is to be spent "in wooll, flax, or hempe, to be delivered within the parish of Thornebie, to be by them wrought and made into the cloth, and the poore people for the working thereof to be paid after such a rate as nowe and hereafter shall be used for such lyke work within the same parish." Provision of work at standard wages seems to anticipate modern-day efforts; on the other hand, the preamble of the Statute of Charitable Uses (p. 35), by its wide range of objects of charity, gives a remarkable contrast to our present mania for universal municipalization.

The period of "Puritan ascendancy" is headed "The Set-back to Philanthropy." The war had crippled the resources of the charitable; the valuable idea of "setting the poor on work" was not "only overthrown but forgotten;" a partial attempt was indeed made by the establishment of the "Corporation of the Poor." For the rest, the only interest of the period lies in a few wild communistic schemes of such men as the Diggers, the True Levellers.

The third period is designed to exhibit the working out of a new

principle, the application of the "joint-stock system" to the relief of the needy. We pass in review the origin of the workhouse, the charity school, and the Sunday school. Full credit is given to the honest intentions of Firmin and his followers in providing additional wage-earners in the children, but the terrible evils which very soon resulted from child-labour are easily gathered from quotations from contemporary evidence.

The founding of hospitals, general and special, is noted as most characteristic of the time of "religious languor" which followed the reign of Queen Anne.

Chapter viii. gives a most interesting account of the "Philanthropist as Agitator," as seen in the work of Oglethorpe, Neild, Howard, Clarkson, and others. The closing years of the eighteenth century are described in a chapter headed "The Revolution: Thrift and Soup." This country was in a state of nervous tension, and, worse still, under conditions of famine prices during the French Revolution. "Whether the method chosen was the promotion of thrift or the distribution of soup, the effect hoped for was the same. Popular distress must be relieved: popular discontent must be allayed" (p. 254). "The undertakings were for the poor; they were under the control of the rich."

In concluding his review the author remarks, "Our narrative closed on a note of exhaustion. . . . The criticism of the thing done needed to be resolved into the deeper self-criticism of those who did it."

Throughout the book constant quotations and references are given from original documents, State papers, and pamphlets of the period. The statement of facts is placed before arguments and theories drawn from them; at the same time the author's view as to the necessity of a large far-reaching policy in philanthropy is made plain. He is inclined, perhaps, to be somewhat too cynical in his estimate of the efforts of the past, particularly with regard to voluntary efforts for the education of the poor. Again, while the exaggeration and patronage of charity reports in the eighteenth century may offend us, we must remember that the real heart of charity probably beat true, even if charity clothed herself in the fashion of the day—a certain study of pose, and love of effect to the point of illusion.

I can heartily recommend the book for its comprehensive survey of earlier attempts to meet the everpresent problems of poverty, ignorance, and disease.

E. A. S. LITTLEWOOD.

PRINCIPLES AND METHODS OF TAXATION. By G. ARMISTAGE SMITH. [155 pp. 8vo. 5s. Murray. London, 1906.]

The object of this book is to present, in a concise and simple form, an account of taxation in England, and of its historical growth. Mr. Smith begins with a chapter on the objects and limitations of public expenditure, and naturally devotes some space to war. "The net economic outcome of militarism is waste. . . . The military defences of the great powers of Europe on a peace basis cost those nations more than £250,000,000 a year" (p. 11), and increase by one power invariably evokes rivalry among others. The connexion between militarism and protection being so close, we naturally expect Mr. Smith to be a free trader. "Direct aids to specific industries," he says, "by protective tariffs, bounties, and subsidies, . . . are to be condemned, since their effect is to yield profit only to a favoured few at much expense and loss to the community, while restricting that healthy competition which makes for progress and efficiency" (p. 17).

The limits of the field for public action and expenditure "are entirely determined by expediency;" but they should not (1) stifle private enterprise, (2) be of a speculative nature, (3) benefit one class only, and they must (4) be open to public observation and criticism. Mr. Smith gives, however, an entirely undeserved testimonial in his discussion of our national finance. "An elaborate system of administrative control precludes any misappropriation," is a sentence difficult to reconcile with reports of the Butler and other commissions.

He then examines various theories of taxation, dismissing that of the *quid pro quo* as untenable, but stating no definite opinion of his own. He shows, however, equal hostility towards the inconsistent proposals of our tariff reformers, and towards socialistic attempts to equalize the distribution of wealth by special taxation of the rich. The single tax he naturally rejects, and he hardly approves of the proposal to levy income tax on incomes and wages below £160, although he admits the inequality of its falling only upon a small section of the community. Taxation, he says, "is a practical problem, and not an inquiry into an ideally best system," and he demonstrates that different countries require different systems. The "vast variety of economic, social, and racial conditions among the different components of the British Empire entirely precludes the possibility of an imperial Zollverein or customs union" (p. 42).

A long discussion of Adam Smith's canon of "ability" leads our author to the conclusion "that income alone is no reliable test of capacity to pay," but he discards "consumption" as "very inequitable," objects to taxes on realized wealth as a check on saving, and is mildly

favourable to graduated progressive taxation. One is surprised to find very scanty reference to possible sources of increased revenue, such as the licence duties on public-houses, by which several millions a year might be raised. On p. 83 Mr. Smith expresses a more definite opinion by maintaining "the sound maxim that all should contribute in some degree to the expenses of government;" and he rightly declares that if the "free breakfast table" is secured (a visionary hope while our present military and naval expenditure continues), "some other means, such as an extension of the income tax, will have to be devised to reach the classes who might otherwise escape taxation altogether." This principle justifies the tea duty and the Indian salt tax, but not the proposals of our tariff reformers, which are severely criticized (pp. 84-86).

A curious error appears on p. 100, where our author states that the Post Office Savings Bank "involves a positive loss." As Dr. Cannan has explained, every shilling in the bank is a public gain so long as Consols are much below par. A useful chapter deals with national debt, and Mr. Smith thinks that, "considering the great increase in the wealth of Great Britain, the debt has been reduced very slowly" (p. 132), and he adds that the South African War has "wiped out the reductions of the previous thirty years."

The last chapter, on local taxation, contains a discussion on the incidence of rates. Mr. Smith holds that rates on agricultural land fall ultimately on the landlord, but that rates on houses fall primarily on the occupier, just as other taxes on commodities fall on the consumer; rates on "monopoly site values," however, fall on the owner.

As an introduction to the study of public finance this book is excellent.

J. E. ALLEN.

LE CAPITALISME DANS LE MONDE ANTIQUE. Par G. SALVIOLI, Professeur à l'Université de Naples. Traduit par ALFRED BONNET. [320 pp. 8vo. 7 francs. Giard & Brière. Paris, 1906.]

Professor Salvioli has made the discussion of a question not particularly profitable in itself a peg whereon to hang a very entertaining account of things economic in the Roman world.

Was there "capitalism," in the modern sense of the word, in the Italy and Rome of ancient days? Professor Salvioli says, No. But, then, adopting Marx's terminology, on this, as on many other points, he narrows down the meaning of "capitalism" to capitalism in

industry only, and will have "money" to be considered as something altogether distinct from "capital," which latter is supposed to be money laid out in highly profitable employment only. Now, on our author's own showing, ancient Romans did lay out their money to excellent advantage. First they robbed their dependencies, then they turned them to account in exaggeratedly lucrative markets; *reguli* and towns were made to pay fabulous rates of interest. Roman *equites* and *negotiatores* bought up goods and traded with them, as Juvenal shows, at a profit of at least 100 per cent. They bought up land wherever it was valuable; and if they did not make it pay interest directly by high farming, that was not their fault. For, there were then no markets for produce: the rule of the land still was the *fundus instructus*, which produced everything for itself. They purchased slaves, whom Cato made to pay him well by training them willy-nilly to various callings which were in request. They "sweated" their freemen after the manner of Italian *padroni* in London, before magistrates interfered, only on a much larger scale. The high-principled Brutus habitually took 48 per cent. interest for the money from which he made a living by lending it to necessitous people; and the polished Atticus took very much more. All this seems to come very near "capitalism." Without capital, and the *pecuniæ obediunt omnia* and the *pecuniosus damnari non potest* of Cicero, it would have been impossible. If there was no specifically industrial capitalism, the reason simply was that, as Professor Salvioli is careful to show, there was no industry.

Incidentally it is interesting to note that the original inventors of profit-sharing were neither Lord Wallscourt nor Herr von Thünen, neither Godin nor Leclaire, but the Roman slave-owners, who introduced it to give their skilled slaves an inducement to earn them money.

Professor Salvioli is not the first to show, but he shows very clearly, that many of the old traditional notions handed down about Roman society and Roman economy need to be fundamentally revised. We have accepted Cicero's, Quintilian's, Pliny's exaggerated statements as solid facts. There is no truth in the *latifundia perdidere Italiam et provincias*, because the *latifundia* were comparatively few. There was plenty of small property besides. Rome did not economically dominate Italy and the world, because it was not a market. The luxury and frightful waste of a Lucullus and a Vitellius were restricted to very few, who really did not know what else to do with their wealth; for there was no employment for it except usury or extravagance. Nor did slave labour play as great a part in Roman economy as is generally supposed. Certainly it was never looked upon even by those who

employed it as a source of profit, except when turned to account as by Cato. Generally speaking it was felt as a burden.

The attractiveness of Professor Salvioli's book is to be found in the easy, graceful description which he gives of economic institutions in the world which, as professor of the history of Roman law, he has made his own sphere of study. The examples quoted are all very apt, and the book is amply what the French call *documenté*.

HENRY W. WOLFF.

LE CASSE ORDINARIE DI RISPARMIO IN ITALIA DAL 1822 AL 1904. Pubblicazione del Ministero d'Agricoltura, Industrie, e Commercio—Ispettorato Generale del Credito e della Previdenza. [641 pp. Large 8vo. Bertero. Roma, 1906.]

The Provident Section of the Italian Ministry of Agriculture, Industry, and Commerce could not have made a happier choice for a presentation volume to be offered to the Milan Exhibition. One could wish that this book might be widely read, and not with least attention by those who are responsible for the management of savings banks and the employment of their funds in this country.

The history of the Italian independent savings banks, which have become a peculiar glory of their kingdom, has never before been so comprehensively told. In respect of district banks fuller particulars are to be found elsewhere. There is a good deal that redounds to the credit of the best of Italian savings banks left unsaid, manifestly for want of space. There is, for instance, that determined war waged upon the national vice of gambling in the popular *lotto*, about which a recent monograph of the excellent savings bank of Imola, one of the most successful fighters in the good cause, gives details; and there is very much that is to be set down to the admirable Cassa di Risparmio di Bologna not recorded. But we have here a picture given of the whole movement, with some pages allotted to each particular bank. And a more creditable story there is not to be told. For at their best points the Italian independent savings banks are simply perfection, and in the aggregate they have exercised a most beneficent influence in favour of national thrift.

With praiseworthy modesty the author of the book disclaims on behalf of his country all origination of the idea of savings banks. Mediæval Italy had its *monti frumentari*—since for the most part converted into savings banks—and its *monti nummari*. An excellent specimen of the otherwise extinct species of institutions, modified to suit modern requirements, survives in the *Monte dei Paschi*. But

savings banks proper came into Italy from abroad. It was the Austrian Government, then still master over Venetia, which introduced independent savings banks, of the German type, into that province. And it was Mr. Gladstone's savings bank legislation which, in 1875, suggested the introduction of a post-office savings bank after the British model. Over that, under the University of Sella, M. Luzzati won his parliamentary spurs. The post-office savings bank has done gloriously, as well-administered post-office savings banks always do. Without in the slightest degree trenching upon the ground of the more popular independent savings banks—there is no jealousy, though there is healthy rivalry, among the several thrift institutions in Italy—it has gained very perceptibly upon the latter. Eleven years ago—as M. M. Ferrani, then Minister of Posts and Telegraphs, verbally gave me the figures—it had succeeded in attracting only one-fifth of the national savings deposited in savings banks proper (not counting people's banks, village banks, and ordinary banks). By the close of 1904, according to the present volume, its proportion had risen to more than one-third. That was done simply by cultivating new ground; for deposits in independent savings banks have sensibly increased at the same time.

It is the latter which are answerable for the larger part of national saving, and are by far the most popular. Being distinctly local institutions—in which each locality takes a patriotic pride—unfettered by Government interference, except for necessary inspection, they manage to multiply facilities, suiting them at the same time to local idiosyncrasies, as no imperial institution could do. Gathering up all the savings that they can, they keep them in the locality, and there make them available for fresh productive and fructifying uses, to the signal benefit of the district. That earns them a higher interest than Government securities, such as are our only permitted investment, yield, and therefore enables them to pay a higher rate of interest also to the depositors. And even that leaves substantial surpluses over, which very properly find employment, not only in charity liberally dispensed, but in substantial outlays for useful public purposes. Indeed, the savings banks have in Italy become the recognized Lady Bountiful for all public purposes. Technical training, education, the endowment of special chairs at universities, as in Bologna, sending artisans abroad to study improved processes—such as the best treatment of wine in the Gironde,—all this work falls most naturally to the generous savings banks, and is gladly undertaken by them. And when it comes to great capitalist enterprises, such as the endowment of an old age pension fund, a workman's compensation fund, a *società*

umanitaria, it is invariably the independent savings banks to whom the first appeal is made ; and they always respond liberally.

How different is this from what we have in this country ! Speaking the other day of the Floating Debt, Mr. Asquith said, "It means that the Government is competing for and locking up funds that might otherwise be available for commercial and industrial purposes." That applies, to the very letter, to our dealing with savings banks funds. The present book shows us a more excellent way.

The official compiler is too modest in assigning a position of inferiority to this country, Germany, and Switzerland to his own country, on the ground of the figure of deposits, *scilicet* in "savings banks" only, these amounting to only £3 7s. per head of the population, in comparison with our—forsooth—£5 ! The difference in wages paid severally here and in Italy is very much greater, and accordingly our working folk laying by £5 per head of the population are really less thrifty than the Italian laying by £3 7s. out of their "two mites, which make a farthing." We have our friendly societies and co-operative stores to swell the figure ; but so have the Italians their co-operative banks.

It is to be hoped that a book prepared with such great care will meet with its reward in the shape of attentive study, which may help to bring about an improvement in the organization of thrift institutions all the world over.

HENRY W. WOLFF.

SHORT NOTICES.

BISHOP WESTCOTT. By JOSEPH CLAYTON. [191 pp. Crown 8vo. 3s. 6d. net. Mowbray. Oxford, 1906.]

Mr. Clayton is to be congratulated on the way in which he has fulfilled his task. The book belongs to a series of short sketches of "Leaders of the Modern Church," written exclusively from the layman's point of view, and no one will question Bishop Westcott's claim to be included along with Dean Church, Bishop Wilberforce, and Dr. Liddon. Mr. Clayton writes brightly and clearly, and with a genuine sympathy with his subject. Those who have read the earlier and more complete account of the life and work of this great Bishop of Durham may be glad to refresh their memories by Mr. Clayton's picture, while it should also be welcome to many more who are

unwilling to face the mass of correspondence and other details contained in the ordinary style of biography.

In the chapter dealing with the bishop's "Social Views and Aspirations," Mr. Clayton refers to the relation between the Christian Social Union, of which Dr. Westcott was the first president, and the Guild of St. Matthew, an older society with similar objects. It may be suggested, however, that the explanation of the genesis of the Christian Social Union is not quite precise. The need for another society arose, not so much from the "democratic sayings and doings" of the London branch of the Guild of St. Matthew, as from the fact that the Guild as a whole was generally supposed to be definitely committed to two specific theories—viz. Henry George's single tax, and a uniform and exclusive system of secular education under State control. No doubt any Churchman is perfectly free to accept either or both of these opinions, and to organize a society to promote their adoption by the State ; but, as the event has shown, a society more or less pledged to a detailed programme of this kind was incompetent to enlist the direct support of any very large proportion of those Churchmen who were already and earnestly concerned to apply Christian principles to the solution of our social and economic problems.

DAS HAUSWIRTSCHAFTLICHE BILDUNGSWESEN IN DEUTSCHLAND. Von DR. WILHELM LIESE. [vii., 104 pp. 8vo. 1 mark. Gladbach. Zentralstelle des Volksvereins für das Katholische Deutschland, 1906.]

To a social reformer in this country this little book reads like a message from a better world. We fight for better wages and complain about the scarcity of vegetables, fruit, and the like ; but we fail to show the female members of our working classes how to make the most of such food as Fortune places at their command. At the time of the great war it needed French prisoners to come over and teach us how to make soup, instead of throwing away ox-tails as refuse. Dr. Liese shows with what scrupulous care girls of the working classes are, in Germany, instructed in every branch of household economy, cooking, baking, sewing, gardening, everything. Their teachers in these subjects are themselves first carefully taught. Lessons are given at home and at school, in towns and in the country. As a consequence, women are fitted to take their places in the household, to make it comfortable and attractive, to make the most of every opportunity, the little garden, the simple food which they know how to convert into plain but tasty dishes, the materials for articles for wear, and to bring up their daughters to the same useful work. As

a result, households are happier. We want some of the same teaching over here.

LA RÉFORME ÉLECTORALE. Par HENRY CLÉMENT. [201 pp. 12mo. 2 francs. Lecoffre. Paris, 1906.]

This is a rather elaborate plea in favour of the system of proportional voting, which is familiar to us through the writings of Hare, and the persevering advocacy of Mr. Leonard Courtney. The proposal to introduce it has evidently excited a great deal of interest in France, and one may well be surprised at the startling variety of shapes which has in that country been given to the scheme. Incidentally the author produces a highly summarized conspectus of the several methods of holding popular elections in various countries, from which we learn that we in the United Kingdom, from regard for our *antiquæ viæ*, never modify our historic electoral districts, and invariably conduct our elections with the greatest "calmness," which in view of recent events is decidedly worth knowing.

THE BITTER CRY OF THE CHILDREN. By JOHN SPARGO. With an introduction by ROBERT HUNTER. [xvii., 337 pp. 8vo. 6s. 6d. net. Macmillan. New York, 1906.]

This is a painful, but, it is to be feared, not an exaggerated description of the effects of poverty and its attendant evils of disease and vice on child life. Mr. Spargo deals especially with the problems of infant mortality, hungry school-children, and child labour, all of which he has studied in America at first hand. Mr. Spargo's style is somewhat sensational, but there seems to be little reason to doubt his facts, which indeed are in substantial accord with reports from other sources, as, for instance the *Report on Child Labour* recently published by the American Academy of Political and Social Science. Socialism, the author tells us, is ultimately the one hope and the one remedy. In the mean time, however, we must adopt such palliatives and means of amelioration as we can. The chapter on "Remedial Measures" is full of interest. In such important matters as factory legislation and the control of child labour, whether in the factory, the street, or the home, Mr. Spargo advocates a uniform minimum standard for the whole of the Federal States, and the giving each state power (as in the German Empire) to enact more stringent measures when it desires to do so.

DIE ARBEITERVERSICHERUNG. Von DR. ALFRED MANES. [130 pp. 16mo. 80 pf. Göschen. Leipzig, 1905.]

As a pocket summary of the three kinds of "working men's insurance," namely, sick insurance, accident insurance, and old age and

disablement insurance, now practised in Germany, this handy little volume is excellent. Of course it gives the information in a highly condensed form ; but all that is essential is to be found clearly stated. Working men's insurance has grown to enormous proportions. A return published early in the current year puts the entire receipts on its account at about £100,000 per diem. That includes State grants, and both employers' and workmen's contributions. Dr. Manes puts the daily outgoings in the shape of compensations and pensions at £62,500. From 1885 to the end of 1903 no less than £200,000,000 was paid to workmen in respect of one or other of these three kinds of provident insurance.

LA CRISE RUSSE. Notes et Impressions d'un Témoin. Par MAXIME KOWALEWSKY, Ancien Professeur de Droit à l'Université de Moscou. [301 pp. 18 mo. 3 fr. 50 c. Giard et Brière. Paris, 1906.]

This is a most timely contribution to the literature of the day. Russia is writhing in the throes either of national regeneration, or of national dissolution, as Fate may determine. And there are few indeed outside the country able to distinguish intelligently among the many threads wound up in the revolutionary tangle, and to tell which stand for progress and which for retrogression or ruin, or how things came to be such as they are. Professor Maxime Kowalewsky, who is already well known as a writer on specifically Russian subjects, besides being a Russian of Russians, is a learned student of national history, national law, and national finance. He has, in addition, sat in the Congress of Zemstovs and the first Russian Duma, and has also received the greetings of the assembled representatives of the parliaments of all nations at the recent congress at Westminster. He is, therefore, a welcome exegete, giving to the world, in this handy little volume, a *multum in parvo* that is a most valuable commentary on events, elucidating their genesis, their history, and their meaning in few words. One would wish that this little book, which is nothing less than a concise but comprehensive key to the present situation, had appeared in English as well. It would render much groping search over which our countrymen are labouring needless, and prevent many a false conception. Professor Kowalewsky shows himself imbued with a liberal and constitutional spirit. But while reprobating excesses of autocracy and bureaucracy, he is by no means prepared to fly with the revolutionaries to the opposite pole. He indeed shows by the light of knowledge when these people are wrong, and advancing impossible demands, as, for instance, that for the expropriation of the large

owners' land. Such demands, so he points out, threaten to undo the good that the great national upheaval has, at any rate, potentially brought about.

HENRY W. WOLFF.

LANDWIRTSCHAFTLICHE STUDIENREISE DURCH
DAS WESTLICHE CANADA UND DIE PACIFIC
STAATEN. Von A. G. VEITH, Redakteur der Acker- und
Gartenbau-Zeitung. [146 pp. Large 8vo. Harold Company.
Milwaukee, Wis., 1905.]

A book upon the western portion of our great American colony, embracing Manitoba, Assiniboia, Alberta, etc., written in German, seems a solecism indeed! However, its author is not altogether as German as he appears at first glance, and really his testimony is more valuable and instructive than that of a more partial witness would be. Dr. Veith, an Austrian by birth, is editor of an agricultural and horticultural newspaper published in Wisconsin. He knows what American agriculture and settlement mean; and seeing so many of his adoptive countrymen, that is United States farmers, disposing of their property at home in hot haste and joining in the rush to the new British Eldorado, he has not inexcusably felt some curiosity to see for himself what that promised land is like. Joshua and Caleb could not have brought back a more encouraging message. And it is satisfactory to find that Dr. Veith has a great deal to say in praise of the Canadian authorities as looking after settlers with paternal care.

Of such settlers there is a motley throng indeed—Russians and Magyars, Lithuanians and Galician Duchoborzes, Germans, Belgians, French, of all grades of culture, of ignorance and inexperience. They sometimes form their own distinct settlements, which retain their picturesque national character. And by their side are to be found religious settlements of Trappists, Benedictines, Mennonites, and so on, recalling the Middle Ages.

There is much of interest in this book or pamphlet, including things not without importance to students and intending settlers, that one does not remember having seen mentioned in accounts written in English. The book might, indeed, bear translating. Of course the land is in all stages of development, from the neglected desert—in some cases purposely neglected by speculatively minded capitalist owners, hoping for better prices—to highly cultivated garden land. There is room upon it still. But such room is evidently being occupied fast, in what promises to become our imperial granary *par excellence*.

MAN, THE SOCIAL CREATOR. By HENRY DEMAREST LLOYD.
[279 pp. 8vo. \$2. Doubleday. New York, 1906.]

H. D. Lloyd, so it appears, when prematurely called home in 1903, left, together with abundant notes, the manuscript of a book almost ready for press, which his brother and sister have considered it due to his memory to publish, although aware that there are not a few passages in the text which the author himself would have wished to alter. That book may be said to sum up the views on social reform to which Lloyd worked his way through ample observation and searching criticism of things as they are embodied and recorded in his earlier works, *Wealth versus Commonwealth*, *Newest England*, *A Country without Strikes*, etc.

The late Henry Demarest Lloyd was a man of truly contagious enthusiasm, who, by the very reason of his enthusiasm, was ever apt to see things only from one side. His life was one continued spell of social work for the improvement of the world. His opinions may not unfairly be summed up in the phrase, now grown familiar, "The service of man is the true service of God." He would, as he himself puts it, make of himself the spokesman of the multitude, the toiling and hungering millions; have heaven on earth, not wait for it through tribulation and weary patience in the life to come. Wherever he saw a wrong, he would try to redress it, even though by such premature action he should root up the wheat together with the tares. Certainly he would protest against it in tones certainly not deficient in vigour. And as he travelled much, and was a keen observer, and a highly cultured man, he found plenty to denounce, and a multitude of apt parallel occurrences in history to refer to to make his meaning clear. Such illustration and comparison, combined with rather unconventional but fervid diction, impart to the present work, as to all that Lloyd has written, a peculiar flavour and interest. And the author himself would scarcely have resented as unfair criticism the statement that, when writing in this heated way, he often enough overshoots the mark. He is in a tremendous hurry to bring about the millennium. However, it cannot be said that his impatient zeal has not already brought about much good, and called public attention to abuses which to disclose was to make public opinion censure and seek to reform them.

